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## **Southeast Asia Report**

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23 May 1986

## AUSTRALIA

## DAILY VIEWS HAWKE TRADE GAINS, LIBYA STRIKE SUPPORT IN U.S.

Libya, Farm Support Trade Off

Melbourne THE AGE in English 19 Apr 86 p 11

[Editorial: "Trade Wars: So Far, So Good"]

[Text]

THE Americans are clearly pleased with the Australian Prime Minister, Mr Hawke, for condemning Libyan involvement in international terrorism — even if elements of the Labor Party caucus are unimpressed. Very few Western leaders have been as supportive as Mr Hawke of the Reagan administration's stand against Colonel Gaddafi. It will do no harm to a relationship between Canberra and Washington that has recently been strengthened by Australia's determination to keep the faith with Anzus. But whether the Prime Minister's statement had anything to do with the American decision to be "supersensitive" towards Australia's agricultural interests in the world primary produce war is another matter. The Americans have long since made up their minds to try to avoid any gratuitous harm to friendly nations such as Australia that do not subsidise farm exports.

Even so, Mr Hawke has come away from the White House on the first stop of his international agricultural trade mission with virtually everything it was possible to gain during a congressional election year in which the American farming lobby is active. He and the Trade Minister, Mr Dawkins, have developed as strong a case for special consideration as possible for a relatively small nation. Australian farmers have been assured that they will be able to maintain their quotas of beef and sugar exports to the United States, that the US

will try not to harm Australian wheat exports in traditional markets and that the Reagan administration will campaign to have agricultural trade brought into the crucial multinational trade negotiations which resume in September. Australia, as an efficient producer, would stand to benefit greatly from its inclusion.

The Federal Government, having done about all it can at home for rural industry by introducing a \$140 million revival plan, knows that the real battle will be won or lost in the approaching clash between the US and the world's biggest trading bloc, the European Economic Community. Thanks to the Reagan administration, Australia is in a slightly better position to endure the conflict. But Mr Hawke has still to visit the European Commission in Brussels, where he is unlikely to be received as warmly as in Washington. The Prime Minister's performance there and in other European capitals will be important to Australia's hopes of restoring a sense of perspective to a relationship that is recovering from a bout of European churlishness. What the EEC cannot deny is that Australia, among many other agricultural exporters, is hurting from the effects of a Common Agricultural Policy that has seriously distorted world trade and continues to resist all serious attempts to reform it. It is here, rather than in Washington, that the real success or failure of Mr Hawke's mission will be measured.

## Hawke's 'Varying Emphases' on Libya Strike

Melbourne THE AGE in English 19 Apr 86 p 10

[Commentary by Michelle Grattan, under the rubric "Hawke Abroad": "Surfer Hawke Steers His Way Through Tricky Waters"]

[Text]

**B**OB Hawke on Libya is like the surfer riding the wave to shore, striving to keep his footing amid strong cross-currents, partly camouflaged by a lot of sea spray.

When he gave his press conference in Washington yesterday (Melbourne time), Mr Hawke was asked a simple question by an American journalist: did he believe the US was justified in bombing Libya? Not an unreasonable question, in the circumstances; the sort of question to which Margaret Thatcher would not have had any trouble saying "Yes"; a question to which France and some other European allies would have said a simple "No".

But Australia's public position is more complicated than that of many US allies. And it has been exacerbated by the coincidence of this being the week when Mr Hawke is in Washington asking for favors in agriculture. Diplomacy is the art of words and impressions; it is all about ambience, ambivalence and multiple audiences.

So Mr Hawke dodged and weaved when he was asked for a straight answer, condemning those who might try to pin him down. "I've been around this game for a very long time, and I am not going to be led into a position of satisfying or attempting to satisfy someone else's use of language," he declared. Later questions got the same treatment.

He and the Government had made several statements on Libya this week, and Mr Hawke found it convenient to rely on the collected works. By yesterday these had a number of interpretations. The Libyans in the Security Council and the American official who gave a briefing after the Hawke-Reagan talks agreed on something: the Australian Prime Minister was being strongly pro-American.

Earlier in the week, John How-

ard had been lamenting that "the Government has felt itself unable to express support for the United States action". Yesterday, he was asking what the Government did believe in.

But Bob Hawke had no intention of being "diverted" into interpreting his own position. Certainly not; that, he well knew, could plunge one into very treacherous waters. A man could drown, either at home or abroad, that way.

All week Mr Hawke has had to talk to two audiences — his own party and the Americans — whose views on military action against Libya are actually or potentially in serious conflict. That led him into what are not so much contradictions as varying emphases.

Tuesday's parliamentary statement was slightly stand-offish, "deeply regretting" the conflict and urging restraint. (It was also, of course, made immediately after the raid, which influenced its tone.) While basically understanding of the Americans' position, it did not endorse the US action.

It was an all-purpose message, directed at both the caucus and the Americans. You could see it how you wanted. Australia was understanding of America's position, Washington was being told; but not exactly on side, the caucus was assured. It could have been disastrous for Mr Hawke to set off for the US publicly too gung ho about the US action; this would have risked a possible caucus backlash.

Once in Washington, the messages became a little more selective in their targets. The proposal for the UN to mediate between Libya and the United States was caucus fodder, though it had other motives too, such as a desire by Mr Hawke to be seen to be positive when on the spot in Washington. The Americans, to whom it came as an irritating surprise, dismissed the peace initiative as irrelevant, as it was.

Yesterday's comments on Libya as Mr Hawke left the White House, strongly pro-American in flavor, were aimed squarely at his hosts. They had their desired effect. American officials had been delighted when the Australians had suggested the day before the Reagan meeting that they wanted to include something on terrorism in Mr Hawke's post-meeting statement. The Americans regarded the form of words as highly supportive, and if caucus has any queries Mr Hawke can point to the general reference in the comment to UN processes.

Mr Hawke knows when not to push a good thing. Hence his refusal later to be more precise about his position. One more statement might just press the luck too far. He was still riding the board, the beach in sight, the prize — in the form of Reagan public reassurances on agriculture — already in his keeping. So he simply stonewalled. This exposed his problems of multi-audiences — indeed, the audiences seemed for one awkward hour to be crowded together in the room. But it was better to be seen avoiding a few questions than to fail at this late stage.

"It is quite clear that people will give particular emphasis to particular parts of our statement," Mr Hawke said.

The Americans and Mr Hawke over the past few days have been engaged in diplomatic play where each side has wanted to help the other, and each was also mindful of its domestic constraints. The Americans wanted to get as much "support" from Australia as they could, but knew Mr Hawke could not go all the way.

Mr Hawke was personally very sympathetic to the American position. Although he said he put the Australian position on Libya privately in the same way as publicly,

the administration spokesman left the impression of uncritical support. The spokesman might have been exaggerating a trifle, but there is little doubt that Mr Hawke's presentation at least had a gloss for presidential consumption.

This week shows how the Labor Government has established a strong working relationship with the conservative Reagan administration. It is based on Mr Hawke's personal pro-Americanism and his sharing of many American political attitudes, his friendship with Mr Shultz, the fortuitous contrast between Australia and that wayward ally across the Tasman, and mutual national interests.

So when it comes to some diplomatic dealing, the two governments find it relatively easy to parley. They understand each other; they want to be helpful, to eliminate avoidable differences and play down the unavoidable ones.

In 1985 the Americans did Mr Hawke a big favor by being understanding over the MX debacle. This year, the President came across with a fulsome statement about being mindful of Australia's interests in agriculture. It is not surprising that when it came to the words on Libya, Bob Hawke wanted to give the Americans as much as he could. They quite understood that for a Labor leader there are always limits, hence they read his word very positively.

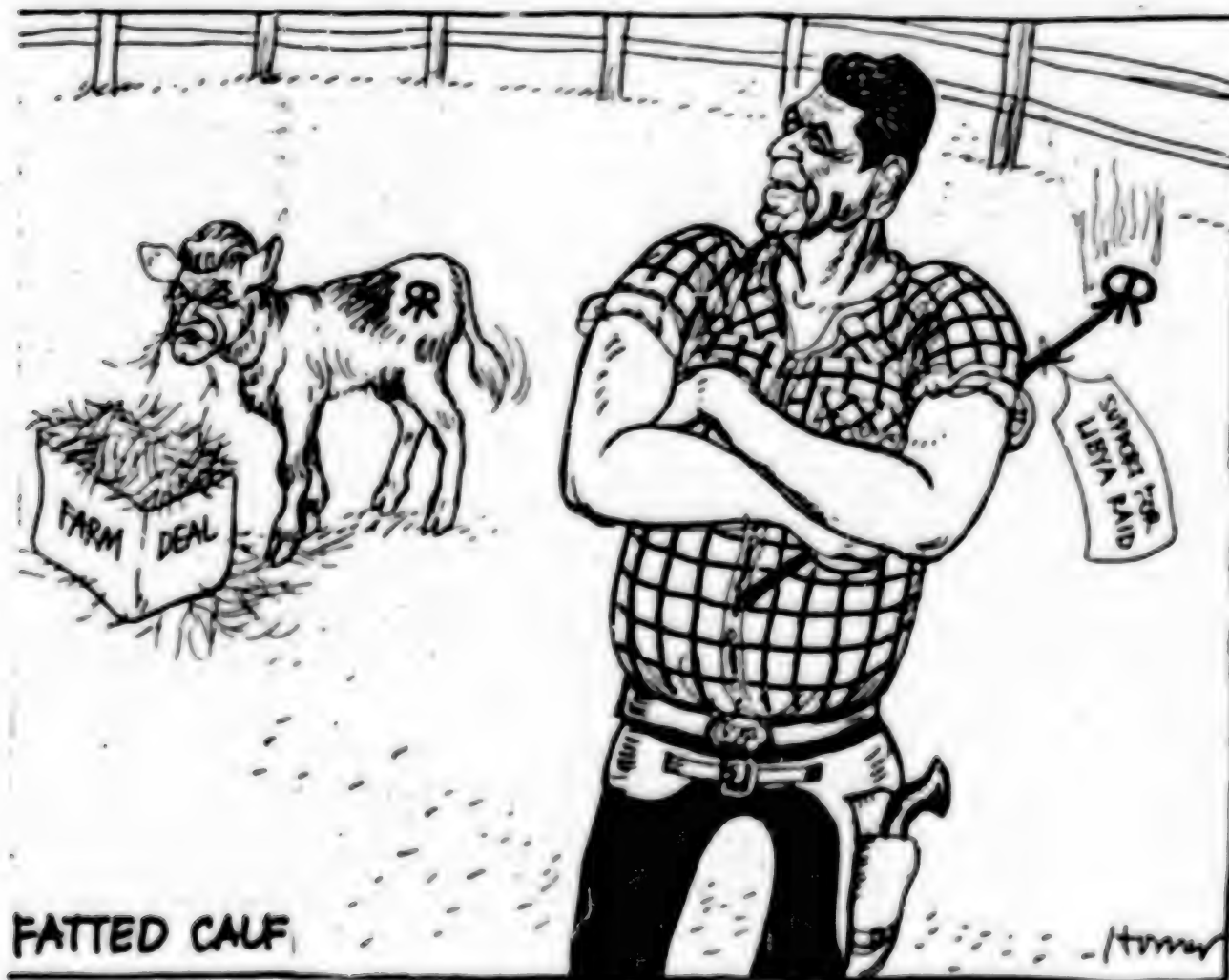
The political rapport was also reflected in Mr Hawke's resumed invitation to Mr Reagan to visit Australia in 1988, the bicentennial year. Mr Reagan will probably have more pressing engagements, and the Australian election will probably be over. But wouldn't a presidential visit, pre-election or in prospect, be the ultimate in Labor Party campaigning?



Cartoon Suggests Trade Off

Melbourne THE AGE in English 19 Apr 86 p 10

[Cartoon]





## Limited Gains Analyzed

Melbourne THE AGE in English 21 Apr 86 p 13

[Commentary by Michelle Grattan: "Hawke Does His Best, But Trade Advances Limited"]

[Text] **B**OB HAWKE has elevated the lobbying trade to a prime ministerial art these past few days. His trip to Washington was an exercise in special pleading and economic diplomacy.

He did not skimp on the job. His mission was to ensure that American decision-makers were aware of the pressing Australian case on farm trade, and he saw the key people in both the administration and Congress.

Although public attention was on Libya, Mr Hawke's meeting with President Reagan stressed, as the PM promised, agricultural trade. As far as can be judged, the Hawke trade mission to the US was about as successful as it could be, which raises the question of just what "success" is in such an exercise.

Mr Hawke got the President on the record, in his statement farewelling the Prime Minister from the White House, promising that the US "will be responsive to the extent we can to Australian interests". The congressional leaders who met Mr Hawke were anxious to say that Australia was not deliberately in the sights of the controversial Farm Act, the latest grenade thrown into the already devastated world farm trade battlefield. That does not mean we will not get shot anyway by the aggressive US subsidy program which poses a threat for Australian wheat, beef, cotton, rice and sugar.

To say Mr Hawke has achieved is not to say significant concessions have been won. The US will not be changing the Farm Act in the immediate future. Australia will remain an unintended victim of US retaliation against the EEC.

For example, we will inevitably be badly hit by the general lowering of wheat prices which the US Farm Act is causing. The Primary Industry Minister, Mr Kerin, said on Friday that the Farm Act now was amended as being much worse for Australia than first thought.

Australian lobbying is, and can only be, about the margin. The Farm Act has areas of considerable discretion in its administration. The Australian Government wants to ensure that in making decisions on implementing the act, Australian interests are remembered and where possible protected.

We cannot judge beforehand how much the "don't let's hurt Australia" button will be pushed by the American decision-makers in particular instances. It is useful to have installed it, and for the Prime Minister to have been one of the installation men.

Arguments that similar assurances recently were given to the Trade Minister, Mr Dawkins, miss the point. To have them given to the Prime Minister, by the President, adds clout. The mutually agreed words of Mr Hawke's and President Reagan's departure statements become a holy grail for bureaucrats and useful bargaining tools for Australia in later disputes.

The outcome of the Washington visit amounts to this. Mr Hawke has reinforced in US consciousness that Australia is a friend — underlined by the fact it was, compared with the Europeans, supportive on Libya — with a highly vulnerable rural sector reliant on overseas markets. Hawke reminded Reagan: "Australia exports 80 per cent of its rural production (in principal products)."

When a decision is swinging, that consciousness can count for something. When, however, there are imperative American domestic political or other reasons for a decision going a way which hurts Australia, the earlier special pleading can be expected to yield no more than a tinge of regret at Australia's pain.

If it comes to a choice between the local farm lobby or the Australian one there is not much doubt about the outcome. The US farm lobby is important to Congress, especially in a congressional election year, and Congress is often where the power resides in agriculture in the American system.

Personal trade diplomacy by the Prime Minister inevitably operates within the strict restraints of economic viability and other people's politics. A Prime Minister cannot change the underlying economic realities which determine trade decisions. He can register concern or interest, cut red tape, and set a favor: the political climate where it is easier to do business or (sometimes) get a favor.

The usefulness — and limitations — of prime ministerial trade diplomacy are shown in Mr Hawke's earlier efforts. In early 1984 he sought to protect the interests of Australian beef in Japan, threatened by American pressure on Japan for a more favorable global trade balance. Australia feared Japan would respond to America pressuring it by squeezing Australia.

Out of the talks came a communique which said the position of Australian commodities would not decline as long as Australia maintained its competitiveness. The words were ambiguous; Japan wanted as much elbow room as possible. Australia sought to put the tightest construction on them in the subsequent interpretations and negotiations.

Australia got extra tonnage in beef sales but lost some market share. Australia had gained something but not as much as the Prime Minister was trying to suggest during that visit.

The China steel initiative came out of that same trip. Mr Hawke announced a plan that officials suggested could eventually double Australia's steel output. There were hopes of the reopening of the BHP Kwinana plant in Western Australia.

Two years later Kwinana remains in mothballs and the big Channar mine in Western Australia, which for a while looked a much better prospect, has still not got underway. Mr Hawke's visit stimulated interest, led to a flurry of talks and high-level missions, and generally gave Australia-China trade relation a shot in the arm.

Total Australian exports to China of raw materials used in iron and steel have risen from \$113 million in 1983 and \$157 million in 1984, to \$337 million in 1985. Mostly, no doubt, the rise is due to simple commercial reasons but the political rapport gives a fillip with a country like China where trade and politics are intertwined.

Political goodwill is not going to change the realities of price, exchange rate movements and other factors that determine the fate of Kwinana, Channar, and other projects. The steel initiative shows the ultimate subservience of politics to commercial numbers.

Brussels 1985 was another exercise in Hawke trade diplomacy, though it was overshadowed publicly by the MX missile debate. His talks laid the basis for the Andriessen-Australian-EC agreement; the EC formally undertook not to subsidise beef exports into Australia's Asia-Pacific markets. Mr Hawke will be anxious to get this reaffirmed in Brussels this week because of the new pressure in the world beef trade caused by the US Farm Act.

Again, the Prime Minister made a marginal difference by that trip. But Australia has had absolutely no success in its general attack on the EC's common agricultural policy, whether that attack is carried on at multiple decibel level, as Malcolm Fraser did, or in more measured tones as the Hawke Government (mostly) does. Nothing will change this time, although Mr Hawke

might smooth some tensions that recently led to cancellation by the EC of Australian-EC talks.

When it comes to the general farm trade situation, Australia can be no more than the flea on the elephant. In Washington, the flea kept up the nipping. Mr Hawke reinforced the message that it was vital that the next round of multilateral trade negotiations, due to be launched in September, include agricultural trade and that the US take a lead in trying to free up the farm trade system.

The US already is committed to pressing for the inclusion of agriculture in the trade negotiations. Australia is reinforcing the point. Unable, as a middle-ranking country, to itself exert power, Australia can only try to influence the real players, a small voice in a large crowd.

The Government's trade push generally and the Hawke trip specifically have two purposes. One is to try to achieve some results, though these are by nature at the fringe, uncertain, and impossible to measure at this stage.

The other is to demonstrate political concern at home, when the rural constituency is having a hard time, largely though not entirely as a result of uncontrollable international factors, and taking out its frustration on the Government.

Governments always will be tempted to exaggerate what is achieved on these trips, and to claim results prematurely. The truth is that only a fractional difference can be made, but fractions mean dollars and have their place.

Mr Hawke will point to promises he has won in the US of consultations, statements that the American export subsidy program will continue to be focused at its targets, promises that the implementation of the beef and dairy parts of the Farm Act will seek to minimise disruption to Australian markets, and the expectation that Australia's share of the US beef and sugar markets should be maintained. (Any "achievement" list out of Brussels will be very short, or very inventive.)

If he is being honest, Mr Hawke's message to the farmers out of his trade representations must be: "I've done what I can, which unfortunately is just so much. We must wait to see how loudly our cries have registered in Washington."

Cartoon Lampoons U.S. 'Sympathy'

Melbourne THE AGE in English 21 Apr 86 p 13

[Cartoon]



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CSO: 4200/988

AUSTRALIA

REPORT VIEWS NEED FOR NEW ZEALAND ROLE IN DEFENSE

Broadway THE NATIONAL TIMES in English 18-24 Apr 86 p 8

[Article by Geoff Kitney: "Kiwis Must Be in Aussie Defence Planning, Says Dibb"]

[Text] THE DIBB report on Australia's defences — which is likely to shape Australian defence policy into the next century — has concluded that New Zealand has a vital part to play in Australian defence strategy.

The report recommends continuing close co-operation between the Australian and New Zealand defence forces and sees New Zealand defence resources as being a key element in Australian regional defence planning.

It argues that this could best be achieved within the ANZUS alliance framework and expresses concern about the effect of the ANZUS crisis on regional security.

Dibb's concern is about the impact that the dispute between the US and New Zealand over warship access could have in the long term on Australia's own defence capability. Because of the inter-relationship between the Australian and New Zealand defence forces the Dibb report sees a serious risk that the isolation of New Zealand by the US will harm Australia's own security interests.

In retaliation against New Zealand's ban on visits to New Zealand ports by US warships the United States has imposed a boycott on the supply of intelligence information from US sources, suspended joint exercises and is examining the question of New Zealand access to US military technology and equipment.

But Dibb's assessment of New Zealand's importance to Australia's defence needs does not just relate to the inter-relationship of the defence forces of the two countries. It also sees New Zealand's three million people and their industrial and technical infrastructure and skills as a potentially valuable resource on which the defence forces of the two countries could draw in time of regional conflict.

The Dibb report is still a secret document and no decisions have been taken yet about the timing or the extent of its public release.

Defence Minister Kim Beazley is likely to recommend to Federal Cabinet that substantial sections of the report not be made public.

It is likely that much of the material that will be kept secret will be what could be described as Dibb's "political assessments". Some of these are said by officials to involve very frank assessments of other countries in the region which would be likely to cause some difficulties in relationships if published under Australian Government authority.

His analysis of the ANZUS treaty crisis is one of the sections which is expected to be heavily sanitised before the report is published in about a month.

However, Dibb's concerns about the impact of the ANZUS dispute on Australian security interests have already been picked up by Beazley and they provided the backdrop for his discussions on ANZUS last week with US Defence Secretary Casper Weinberger.

In his private meetings with Prime Minister Bob Hawke, Foreign Minister Bill Hayden and Beazley, Weinberger very bluntly stated US concern about the effect on regional security of the New Zealand Government's stand on warship visits.

He said that political leaders in South-East Asia had indicated to him in recent discussions that they were seriously concerned about the impact on regional security of the rift between the US and New Zealand.

Weinberger told the Australian ministers that the US administration was very pessimistic about the prospects for any improvement in relations with New Zealand although he reaffirmed America's determination not to

compromise on its policy of refusing to identify which of its warships are nuclear armed.

Weinberger said that the US believed there was a real possibility that New Zealand's nuclear ships policy would eventually take it out of the Western alliance and to a non-aligned position.

But Australian ministers told Weinberger that the Federal Government had an unequivocal commitment to retaining Australia's traditional close defence co-operation with New Zealand and to keeping New Zealand firmly within the Western alliance.

They indicated to Weinberger that they believed the New Zealand Government was not moving towards non-alignment.

Beazley embraced the Dibb view of the strategic relationship between Australia and New Zealand and told Weinberger that he considered the defence relationship between Australia and New Zealand was essential to Australia's own security.

Beazley, Hayden and Hawke all agree on the importance of Australia doing all that it can to reassure New Zealand of its continuing commitment to the traditional defence relationship despite the problems between New Zealand and the US.

Their concern goes beyond the problems of national and regional security.

Australia's senior ministers believe that any breakdown in the relationship which had the consequence of pushing New Zealand out of the Western alliance could have disastrous domestic political implications for the Labor

Governments in both countries.

They are particularly concerned about the problems that could be created for an Australian Labor Government, both publicly and within its own ranks, by a shift by New Zealand to non-alignment.

Ministers believe such a move would greatly increase public concern about Australia's own security but at the same time it would probably increase pressure in the Labor Party for Australia to follow New Zealand down the road to a more independent defence and foreign policy stance.

Senior Ministers are convinced that New Zealand Prime Minister, David Lange, and the majority of his own party members do not want to weaken the alliance relationship with Australia.

They believe that New Zealand in fact wants a closer defence relationship with Australia. A test of this will be New Zealand's decision on the purchase of a new type of rifle for the New Zealand army.

The Australian Government recently decided to buy the Austrian Steyr rifle as a replacement rifle for the Australian army in preference to a rifle offered by the US Colt company.

Australian defence planners believe that there would be considerable advantages for defence co-operation between Australia and New Zealand if it also buys the Steyr rifle.

This issue, and the wider question of future defence co-operation between Australia and New Zealand, is likely to be discussed when New Zealand Defence Minister Frank O'Flynn comes to Canberra on April 28 for talks with Beazley.

Beazley is likely to discuss with O'Flynn the general thrust of the Dibb report's conclusions on the relationship with New Zealand.

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CSO: 4200/988



AUSTRALIA

BLF LEADER FORESEES 50 PERCENT LOSSES IF DEREGISTERED

Melbourne THE AGE in English 13 Apr 86 p 5

[Article by Paul Robinson and Brendan Donohoe: "Half of BLF Might Quit, Admits Gallagher"]

[Text] The federal secretary of the Builders' Laborers Federation, Mr Norm Gallagher, has conceded that his union could lose half its membership in Victoria, New South Wales and the ACT through deregistration.

Mr Gallagher speculated yesterday that half of the 27,000 builders' laborers in the south-eastern mainland states would defect to other building unions, but said the BLF would survive the exodus.

And he admitted that more than 2000 BLF members nationally had resigned from the union to join other unions in the building industry at the end of the second day of deregistration.

Mr Gallagher attributed the defections to a strong police presence on more than 60 sites around Melbourne yesterday which had intimidated laborers into joining other unions.

But despite Mr Gallagher's disappointing assessment of the BLF's progress, the State Government, the Master Builders Association and the Building Workers Industrial Union painted a worse picture of the BLF's survival rate at more than 3400 resignations nationally.

The assistant national secretary of the BWIU, Mr Stan Sharkey, yesterday dismissed the BLF figures as "out of date" and said the end of the deregistered union was "weeks, not months, away".

He said the BWIU would refuse to admit Mr Gallagher, the NSW BLF secretary, Mr Steve Black, and several other BLF officials into the BWIU because they had promoted and indulged in "anti-union behavior". The BWIU

would act to have Mr Gallagher removed from his position as a trustee of the Building Unions Superannuation scheme.

Meanwhile, the junior vice-president of the Victorian ALP, Mr Tom Ryan, confirmed that tonight's administrative committee would meet to consider a motion to condemn the BLF deregistration legislation.

At the Jack Chia group's big South Yarra project about 140 laborers who refused to relent to pressure to join rival tradesmen's unions were sacked at 2 pm.

The Department of Social Security has decided that BLF members who lose their jobs for refusing to resign from the union will be eligible to apply for full unemployment benefits. The department has ruled that, in the circumstances, the BLF members should not be categorised as taking industrial action.

In CANBERRA yesterday, the Industrial Relations Minister, Mr Willis, said reports of BLF members joining other unions showed the Government's strategy for deregistering the BLF was proving successful.

At a meeting of the Victorian Trades Hall Council last night, there was uproar during debate on the role of the council in deregistering the BLF.

The left-wing opposed the executive's report because it did not mention the BLF's problems but the council secretary, Mr Peter Marsh, said not one union had submitted a motion and maintained, during heated interjections from the public gallery, that the BLF had lost the support of the union movement. The left's motion was defeated by just three votes.

AUSTRALIA

ALP LEFT WING CHALLENGES HAWKE ECONOMIC POLICIES

Melbourne THE AGE in English 21 Apr 86 p 3

[Article by Peter Gill]

[Text] CANBERRA. — The Left wing of the ALP has challenged a number of fundamental Hawke Government economic policies and called for implementation of the economic strategies contained in the accord.

A position paper, prepared at a Left conference in Canberra at the weekend, attacks financial deregulation, challenges monetarist policies, advocates overturning the decision to float the dollar, and recommends industry assistance measures which run counter to the thrust of the Government's present approach.

The conference, attended by about 100 members of the Left, including federal and state parliamentarians, union representatives and rank and file members, has laid the groundwork for a tense ALP conference in July.

The Left paper and its spokesmen, speaking after the conference, express concern that, despite strong economic growth in the past three years, investment in industry has not occurred.

It calls on the Government to put in place a number of initiatives aimed at revitalising industry and encouraging investment — effectively a greater Government hand on industry development.

"In order that investment and expansion does take place, a more direct interventionist strategy is urgently required in which assistance is designed to promote increased investment based on secure local market and identified export potential," the paper says.

"Without such an approach, the accord will be regarded as little more than an agreement on wages, while its promise of a strategy for economic growth will be still-born. Under such circumstances, the future for Labor and the

economic welfare of Australians looks very bleak."

Left spokesmen said the paper — to be further refined before the July conference — was designed to stimulate discussion and encourage support for greater implementation of the ALP's present policy on industry development. The policy, determined by the 1984 ALP conference, has an emphasis on planning and industry protection, but it has not been actively pursued.

The paper particularly attacks financial deregulation, and says the loss of Government control over areas like exchange rates and currency movements has led to long-term manufacturing investment being jeopardised by "the speculative activities of the stock and money markets".

It recommends a number of measures including:

- Limiting the power of the money market to create large and sudden outflows of capital.

- Controlling the extent of profit repatriation by foreign companies based in Australia.

- Controlling overseas debt repayments, limiting foreign borrowings for takeovers, and requiring re-investment of funds from takeovers in Australia.

- The fixing of the exchange rate of the Australian dollar between a floor and ceiling rate.

On industry assistance, the Left paper advocates that tariff and other assistance measures be tied to the maintenance of an agreed market share for local companies, along the lines of the steel industry plan. It also says industry assistance should be targeted at particular companies and conditional on agreed levels of investment.

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CSO: 4200/988



MALAYSIA

# COMMENTARY CRITICIZES SRV'S REJECTION OF PEACE PROPOSAL

BK071509 Kuala Lumpur International Service in English 0800 GMT 7 May 86

[Station commentary]

[Text] Vietnam's rejection of the call put forward in Bali by ASEAN and the United States to reconsider its posture on Kampuchea was not unexpected. It does, however, prove, [words indistinct] necessary at all that Vietnam is not bothered about the sensitivity of its own neighbors. The ASEAN bloc had urged Vietnam to study in detail the 8-point peace proposal put forward by Prince Norodom Sihanouk. After much delay, Hanoi rejected the peace proposal, which had been conveyed to it by Indonesian Foreign Minister Mokhtar Kusumaatmaja.

Vietnam's objection and the refusal to reconsider its negative attitude to the peace proposal pinpoints its ambition to not only stay on in Kampuchea, but to turn it into a colony serving Vietnamese national interests. This is nothing short of possible annexation of the national territory of another nation. Few observers would pay any heed to Vietnam's view that it could not accept the peace proposal because it is tainted by the Khmer Rouge element. Vietnam has used that argument so often that its credibility is now completely worn out. Nor is the excuse that the United States has interfered in this matter a valid one. It was Prince Norodom Sihanouk who drafted the proposal to bring together all Kampuchean political groups with a view to forming a broadbased government of national reconciliation. The plan envisages a role for all Kampuchean groups, irrespective of the political ideology. Similarly, the plan would have entailed a complete withdrawal of all Vietnamese troops out of Kampuchea.

For a number of years, the UN General Assembly has called for withdrawal of all foreign troops, a deliberate roundabout phrase for Vietnamese troops. In the 1985 General Assembly, 113 out of 159 members of the UN voted in favor of that resolution. The same resolution mentioned the need to restore to the Kampuchean people the right to determine their own future. As long as Vietnamese troops remain in Kampuchea, there will be no hope of introducing a new political era based on the right to elect one's own government. The element of undue influence, exercised by the strong Vietnamese military presence, will make a mockery of any election that is held in Kampuchea.

The Sihanouk plan alone contains a practicable form of blueprint for a new political order in Kampuchea. Vietnam should also be reminded that there was no challenge to the credentials of Democratic Kampuchea or the anti-Vietnamese coalition government headed by Prince Sihanouk in the UN General Assembly. World opinion, therefore, outside the Soviet bloc, is clearly on the side of ASEAN.

In taking its rather perverse attitude to the issue of Kampuchea, Vietnam is simply alienating itself from the mainstream of international existence. It can easily become more subservient to the Soviet Union and lose valuable time in reconstructing its war-ravaged and low income rural economy. ASEAN will not give up its quest for a lasting (?peaceful) political solution to the issue of Kampuchea, but will carry on with its objective of a peaceful and stable Southeast Asia.

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CSO: 4200/994

MALAYSIA

BRIEFS

JOINT AIR EXERCISE, SINGAPORE, AUSTRALIA--Kuala Lumpur, May 5 (BERNAMA)--Malaysia, Singapore and Australia will hold an air defence exercise for 4 days beginning Tuesday (6 May). The exercise, involving air defence forces of the three countries, is the first of two such exercises for the year and part of the regular activities of the five-nation integrated Air Defence System (AIDS), the Australian High Commission said in a statement Monday. It said the participating units would include those handling early warning radar stations, surface to air missiles and anti-aircraft artillery. The exercise, under the auspices of the five-power defence arrangement, would be held over peninsular Malaysia and Singapore. The fighter aircraft to be deployed would comprise the F111C and Mirage of the Royal Australian Air Force (RAAF), the Hunter of the Republic of Singapore Air Force (RSAF) and the Royal Malaysian Air Force (RMAF) and the F5E from both the RSAF and RMAF. [Text] [Kuala Lumpur BERNAMA in English 1256 GMT 5 May 86 BK] /8918

TIN PRODUCTION, EXPORTS--Kuala Lumpur, April 25 (BERNAMA)--Malaysia's tin exports increased 2.1 percent to 3,955 tonnes in February compared with 3,872 tonnes a month earlier, according to the statistics department. Malaysia produced 2,298 tonnes of tin concentrates during the month, 456 tonnes lower from January. The department reported that stocks as of end-February piled-up to 21,409 tonnes, down by 384 tonnes from January. Imports of Tin in concentrates fell to 591 tonnes from 732 tonnes in February. The department said, local consumption of tin fell to 116 tonnes from 123 tonnes the month before. [Text] [Kuala Lumpur BERNAMA in English 0607 GMT 25 Apr 86 BK] /8918

KELANG PORT REVENUE--Kelang, (Malaysia), April 27 (BERNAMA)--Despite the sluggish performance of the shipping industry due to the economic recession, the Kelang Port Authority (KPA) chalked up nearly Malaysian \$1 billion (about U.S. \$392 million) in gross revenue from cargo handling at Malaysia's premier port here during the fourth Malaysia plan period. KPA General Manager Hashir Abdullah said that between 1981 and 1985, gross revenue amounted to Malaysian \$993.4 million (about U.S. \$389.5 million), an increase of 42 per cent over revenue for the period of the third plan. [Excerpt] [Kuala Lumpur BERNAMA 0905 GMT 27 Apr 86 BK] /8918

CSO: 4200/994

PHILIPPINES

MANILA TO ASK U.S. FOR GARMENT QUOTA INCREASE

HK021607 Quezon City BUSINESS DAY in English 2 May 86 p 2

[Text] The government will ask the U.S. for an increase in the garment quota allocated to the Philippines, Trade and Industry Minister Jose S. Concepcion Jr. said.

In an interview, Concepcion said it is high time that the Philippines asks for a higher garment quota from the U.S. because despite the "special relations" between the two countries, the Philippines's allocation has remained at only 2.5 percent of the total U.S. imports of garments.

"We can't continue to tolerate this situation. We have to get the Americans to support an increase in our quota allocations," Concepcion stressed.

He said the Philippine move is basically aimed at raising the country's exports to the U.S. as well as to other countries to help ease its economic problems.

The U.S. is the Philippines's biggest market for garments, but the performance of local exporters in that market remains insignificant compared to that of other countries.

Concepcion said the Philippines's performance in the U.S. apparel market pales in comparison with those of China, which accounts for 9.88 percent of the U.S. total market; Hong Kong, 10.55 percent; Japan, 7.53 percent; Italy, 5.17 percent; and Pakistan, 3.11 percent, mainly because of the small quotas the U.S. has given to the Philippines.

He said the Ministry of Trade and Industry (MTI) will ask for an increase in U.S. allocations to the Philippines in forthcoming negotiations for a new textile agreement.

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CSO: 4200/999

PHILIPPINES

DAILY INQUIRER RAPS LACK OF U.S. AID

HK060321 Manila PHILIPPINE DAILY INQUIRER in English 3 May 86 p 4

[Editorial: "U.S. Talk is Cheap"]

[Text] In the credit-grabbing that became a frenzy after the February Revolution, the officials of the Reagan administration in Washington were at the fore front.

After two decades of shoring up the tottering Marcos dictatorship with liberal shipments of arms and economic aid, the United States was ready to let the old structure fall to make way for a new one.

That the structure fell with a push from the Filipino people did not faze Washington's soft-soap men, who immediately proclaimed to their constituents that it was America's providing parking space in Clark Field for rebel helicopters that made all the difference. In their anxiety to claim credit where it wasn't due, the Reagan spokesmen, along with their boss, President Ronald Reagan, announced that in furtherance of the democratic process restored by the revolution, liberal doses of aid would flow from the horn of plenty in Washington.

Not only would aid continue, it would be doubled. Not only would it be doubled, there was talk of a Manila Marshall plan of \$1 billion. All those rosy promises made many forget the statement of U.S. Treasury Secretary [as published] Donald Regan that the U.S. would help Marcos even if he cheated during the elections.

Well, it seems that in the U.S. Government these days, democracy and its restoration is not a saleable commodity. The particular democracy involved, headed by President Corazon Aquino, is in dire financial need principally because Reagan's pal, the former president, who, with lots of help from the United States, enforced his one-man rule so effectively that he was also able to escape with the nation's patrimony in the process.

In that hour of need, the United States and Reagan, which have transformed the country into a principal nuclear target by putting its bases here, are doing a lot of hemming and having--and no dollars in substantial amount are forthcoming. The ridiculous amount of \$150-million in aid has been mentioned,

something the Marcoses would undoubtedly call petty cash, and if that is the price America places on keeping democracy alive, then its officials should be charged with attempted murder.

If the Reagan administration insists on treating Filipinos like beggars, we should begin treating them like trespassers, or at best defaulting deadbeat tenants.

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CSO: 4200/999



PHILIPPINES

AFF ASSESSES ANTI-AMERICAN SENTIMENT IN PHILIPPINES

HK060313 Hong Kong AFP in English 0250 GMT 6 May 86

[By Teodoro Benigno]

[Text] Manila, May 6 (AFP)--Clouds have gathered over Philippines-U.S. relations on what is perceived here as White House coddling of deposed President Ferdinand Marcos and its conditional support of his successor, analysts said.

Secretary of State George Shultz has been partly blamed for this state of affairs and his arrival here Thursday for a 2-day visit could fuel the fire, the analysts added.

At stake are the still tenuous ties between Washington and the 10-week-old government of President Corazon Aquino, the first Philippine chief of state to appoint anti-American nationalists to prime posts in her cabinet.

In Bali where he met recently with Philippine Vice President and Foreign Minister Salvador Laurel, Mr Shultz reportedly expressed irritation over the Philippine refusal to give Mr Marcos back in passport.

The government cancelled the passports of the Marcos family entourage after the toppled president fled to Honolulu, Hawaii, which President Ronald Reagan himself provided as a sanctuary.

Mrs Aquino wants the ex-dictator pinned down in Honolulu or U.S. territory as her government seeks to recover an estimated \$4 to \$11 billion in alleged Marcos assets in the U.S. reportedly plundered from this country.

Mr Shultz, obviously speaking for President Ronald Reagan who considers Marcos an "old and trusted friend," sharply disagreed and said Mrs Aquino "should encourage" Mr Marcos to leave for a third country.

What has fired up many middle and upper-middle class and erstwhile pro-U.S. Filipinos, analysts said, is their perception that U.S. willingness to extend substantial financial aid to the Philippines depends on Mr Marcos getting his passport.



Many people recall that Mr Reagan and Mr Shultz had no such qualms when Mr Marcos denied passport facilities to opposition leader Benigno Aquino then in Boston prior to his return and assassination here on August 21, 1983.

Others say that Mr Reagan would have undertaken a state visit here in November 1983 were it not for opposition threats to flood Manila's streets in massive anti-Reagan demonstrations.

Mrs Aquino herself recalls with some bitterness how her murdered husband got the "cold shoulder" from the White House during their 3-year U.S. exile.

Analysts compared Washington's qualified treatment of the Aquino government with its accolade pat of Mr Marcos whom Mr Reagan praised as a "force for stability" in Southeast Asia during his 1982 Washington visit.

The analysts, however, agreed Washington continues to be wary of the Aquino government, particularly her stand on the largest two U.S. overseas bases in this country, Subic Naval Base and Clark Air Force Base.

The U.S. Government, they say, has never been comfortable with Third World leaders asserting their independence from Washington and is therefore concerned that Mrs Aquino might one day just lower the boom on U.S. bases here.

Political observers here contend Washington will utilize financial aid beyond earlier approved levels as a carrot while applying the stick on the Aquino government to assure bases continuance beyond the 1991 termination date.

Those who know Mrs Aquino claim she will be a hard nut to crack and will herself use the bases as a post-1991 carrot to whip Washington into paying compensation far beyond the "measly" \$900 million for 1984-89.

Analysts warned against Washington pushing the Aquino government "too far" in a country where anti-American nationalism is now a reality and evidence is the clout now enjoyed in the Aquino government by such nationalists. [Sentence as received]

Among them are her own executive secretary Joker Arroyo, presidential spokesman Rene Saguisag, Labor Minister Augusto Sanchez, not to mention Human Rights Commission Chairman Ex-senator Jose Diokno.

The decades when the U.S. could automatically rely on a very accommodating, some say a "puppet regime" in Manila are over and Washington will have to live with this fact or relive Vietnam and Nicaragua, analysts said.

Analysts agreed the United States had still another card to play, a military takeover, which they say was on the verge of being used against Mr Marcos except that "people power" during the February revolt brought Mrs Aquino to power.

But they concluded that the military card could only be a last resort and even then there was no guarantee it would work in a country that preferred representative democracy, loathed military dictatorship, and thus could default to a communist revolution.

PHILIPPINES

GOVERNMENT TRADING FIRM IN AUSTRALIA INVESTIGATED

HK070215 Quezon City ANG PAHAYAGANG MALAYA in English 29 Apr 86 p 6

[By Benjie Guevarra]

[Text] Close to P30-million is missing from the coffers of an Australian-based government trading firm which formed part of a flourishing but relatively unknown meat cartel in the country during the previous administration.

This surfaced yesterday as Agriculture Minister Ramon Mitra Jr bared plans to foreclose Philbai International Pty Ltd, a trading company which is 90 per cent owned by the Philippine Government and which controlled all cattle imports from Australia and New Zealand from 1979 up to the ouster of ex-President Marcos 2 months ago.

A three-member agriculture ministry team which flew to Australia to investigate the reported "shady" dealings of Philbai discovered that at least 2.18-million Australian dollars (A\$) has been siphoned off from the firm's funds. This translates to roughly P29.4-million at the current rate of P14 per Australian dollar.

MAF [Ministry of Agriculture and Food] Assistant Minister Dante Barbosa, head of the probe committee which returned to Manila late last week, bared yesterday that some A\$1-million is missing from Philbai's operating funds alone. He said the company's books showed that it only has A\$250,000 in cash remaining when former Agriculture Minister Salvador Escudero III informed Mitra last April 4 that Philbai still has about A\$1.25-million.

Philbai records failed to account for A\$120,000 in yearly remittance to the Philippine Government as "service fees." But there are no records to back up such payments, which total about A\$720,000 since the company was put up in 1979.

Preliminary findings also showed that the company made an advanced payment of A\$459,000 to Sodenberg Shipping Co to defray expenses for two shipments of about 800-1,000 head of cattle, Barbosa disclosed. But there are no existing documents to prove that such cattle shipments were actually made, he added.

"We intend to trace where the money went," according to the agriculture minister who said the government will foreclose the highly-controversial trading company after a complete report is submitted to the ministry by an Australian audit firm hired by the Barbosa Commission.

Barbosa revealed that the Philippine Government, as represented by the MAF's Bureau of Animal Industry, owns 90 per cent of the company which has an authorized capital of A\$100,000. The remaining 10 per cent is owned by Australian businessman Lidden Prowse, who reportedly took full control of Philbai's overseas operations.

But the actual paid-in capital is only A\$25,000 representing the 27,000 shares of the Philippine Government registered under the name of Escudero.

The probe commission chief said they are also looking into reports that Philbai extended A\$400,000 loan for the acquisition of two pasture leases in Australia by a certain Agee Nicholas and the late Roberto Sabido.

Sabido, whose son Peter controls Philippine Integrated Meat Corp [Pimeco] and the mothballed Phil-Asia Agribusiness Co, was said to have drafted several Marcos directives which facilitated the monopoly on cattle and canned beef importations.

Under this profitable, government-financed venture, Philbai imports the cattle which are directly shipped to the Yulo King Ranch in Palawan. Pimeco, in turn, has the exclusive right over local meat trading and cattle distribution. Phil-Asia is supposed to manufacture and distribute soybean meal, a vital animal feed.

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PHILIPPINES

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AUSTRALIA PLEDGES MORE AID TO DEVELOPING COUNTRIES IN ADB

HK021505 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 2 May 86 pp 1, 3

[By Faustino Pamintuan]

[Text] Australia and other developed countries pledged yesterday to extend more financial assistance to the Philippines and other developing member countries of the Asian Development Bank (ADB).

They also urged the ADB and other multilateral and bilateral financial institutions to ensure the increased flow of soft loans to the Philippines to help the Aquino government hasten the country's economic recovery.

Australian immigration and Ethnic Affairs Minister C.J. Hurford, in a speech in the second day of the ongoing 19th annual meeting of the ADB board of governors, urged the ADB to use more of its soft loan window (Asian Development Fund [ADF] in assisting its developing member countries.

The ADF amounts to about \$3.6 billion.

Hurford said the Australian Government has increased its aid to the Philippines by 50 percent, which brought its aid to some Australian \$25 million.

He also said that Australia and other developed nations will soon attend to the Consultative Group sub-committee meeting in Tokyo to consider how aid donors would benefit the Philippines.

He said the Philippine economy now needs immediate external assistance "if the process of a peaceful change is to be consolidated and advanced." He also commended the ADB for its prompt assistance to the Philippines.

The Philippines got recently an ADB loan of some \$100 million for use in agro-industry projects.

Hurford, however, stressed that the recovery of the Philippine economy depends both on internal and external factors.

He said the deteriorating terms of trade of the Philippines is partly due to the increasing protectionism in developed countries and loss of markets.

"It is not much good giving aid to the Philippines with one hand and taking away their markets with the other," he said.

He said the adjustment of economies of developing countries would depend on cooperation between developed and developing countries.

Meanwhile, representatives from the ADB's member nations welcomed new members from the People's Republic of China and Spain.

China and Spain also pledged to cooperate with other members countries to help the developing countries in the Asia Pacific region as well as promote the bank's objectives.

China's State Councilor Chen Muhua said China shall participate in the bank's activities through economic and technological cooperation.

She said because of China's present open policy, its relations in areas such as finance and trade, science and technology have improved.

Luis de Castro, secretary for trade of Spain, said Spain's participation in the ADB responds to its policy of an open and internationalized economy.

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CSO: 4200/999

PHILIPPINES

STATE ASKS JAPAN FOR PARTIAL CONVERSION TO COMMODITY LOANS

HK021547 Manila MANILA BULLETIN in English 2 May 86 p 15

[Text] The Philippine Government has requested the Japanese Government for a partial conversion of the latter's project loans under the 13th yen credit of the Overseas Economic Cooperation Fund into commodity loans, a Central Bank [CB] official said the other day.

He said the request is now being studied by the Japanese Government.

The request was made during the visit to Japan last week by Finance Minister Jaime Ongpin and CB Governor Jose Fernandez, Jr.

Of the \$247.5 million in the 13th yen credit that the Philippine Government is seeking from the OECF of Japan, \$165.1 million will be in the form of project loans and the remaining \$82.4 million will be in the form of commodity loans.

It was not immediately known how much amount in the project loans had been requested by the Philippine Government to converted into commodity loans.

CB sources said the request for a partial conversion of a portion of the project loans into commodity loans was mainly due to the government's decision to defer the implementation of four projects that were originally intended to be financed by the project loans.

Economic Planning Minister Solita Monsod earlier said the implementation of the four projects would be delayed because they are considered not very essential.

She failed to specify which projects will be affected.

There was no schedule for the signing of the agreement on the 13th yen credit between the Japanese and the Philippine governments when Ongpin and Fernandez visited Japan last week.

CB sources indicated that signing of agreements on the 13th yen credit may be made after the Japanese Government approves the Philippine request for a partial conversion of the project loans into commodity loans.

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CSO: 4200/999



PHILIPPINES

'REBEL' BATASAN TO MEET TO RATIFY AMENDMENTS

HK291507 Manila THE NEWS HERALD in English 29 Apr 86 pp 1, 6

[Excerpts] The rebel Batasang Pambansa has scheduled a new session to ratify proposed amendments to the 1973 Constitution. Former Speaker Nicanor Yniguez, president of the Kilusang Bagong Lipunan, said that work on the entire revision of the charter or of pertinent provisions would be submitted for ratification shortly. He did not specify the actual date of session.

Former MP Arturo M. Tolentino, Batasan proclaimed vice president of the Philippines and chairman of the constitutional committee, said he hopes to finish the work before the June 2 inauguration of the Constitutional Commission to be named by President Aquino.

At the KBL Central Committee meeting yesterday noon at the Asian Institute of Tourism, and new opposition party also:

--Ratified the names of acting chairman of the party in 12 regions and in the national capital region.

--Moved to ask party members who intend to defect to the new administration.  
[As published]

--Learned that former MP Renato Cayetano of Taguig-Pateros will meet today with other party members to organize a new party to be called the Nationalista Party.

--Finalized a schedule of speaking engagements for Tolentino, the first of which will tentatively be held in Cebu City on May 10.

Yniguez and Tolentino did not give much consideration to the inauguration of the Aquino created Constitutional Commission on June 2. They said work on the 1973 Constitution would be completed as early as possible for submission to the Batasan.

Reacting to reports that membership to the new Constitutional Commission will be limited, Tolentino said that any order or directive by a revolutionary government cannot prevail over the Constitution. "One cannot read into the Constitution any proclamation," Tolentino said. "This only proves the sad



lack of knowledge by some persons of what a Constitution is all about. The only limiting and disqualifying factor is what is specified in a Constitution," he added.

MP Salvador Britanico said the only legal constitution is one drafted by elected delegates to the constitutional convention and not one appointed by a single person. He said it goes without saying that a constitution would be largely influenced by an appointing power through his or her designation.

The Central Committee of the opposition KBL condemned yesterday the bombardment of Muslim followers of former Lanao del Sur Gov Ali Dimaporo by the military. "If the report is true," former Speaker Nicanor Yniguez, party president, said, "I urge an immediate investigation into the matter by Defense Minister Juan Ponce Enrile."

Former MP Constantino Navarro, a former military man himself, urged caution on the denunciation to enable the party to get the true facts, but the proposal of MP Salvador Britanico was carried by the Central Committee.

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CSO: 4200/999

# WCC TOLD HUMAN RIGHTS 'STILL UNSTABLE'

HK021532 Manila THE NEWS HERALD in English 2 May 86 pp 1, 6

[Text] The human rights situation in the country is still unstable because the violators, specially the military and para-military units, remain intact, local human rights groups told the World Council of Churches (WCC) yesterday.

The WCC, headed by Bishop Paulos Mar Gregorios of New Delhi, is conducting a fact-finding mission to assess the human rights situation under the Aquino Government.

Sis, Marianni Dimarana, Task Force Detainees (TFD) chairperson, said "the most obvious difference in today's situation is the absence of deposed President Ferdinand Marcos and his chief of staff, Gen Fabian Ver."

Dimaranan explained that the task of the people today is "to maximize the democratic space" made available by President Aquino. "We can't understand the game of forces at play, or where the friction between the loyalist and reformed military men will take the country in the near future," Dimaranan said. "But the people must have faith in themselves and do whatever can be done to achieve full democracy under the new order," she added.

The Ecumenical Movement for Justice and Peace (EMJP), blamed "U.S. pressure" to place the Armed Forces of the Philippines in armed confrontation with the rebel forces." Its spokesman, Dempto Anda, told the WCC that the U.S. wants the Philippines to "solve drastically the insurgency problem."

Through the WCC, the EMJP hopes to attract foreign attention, particularly the U.S., concerning military aid to the Philippines. Anda said there is no need to strengthen the military at this movement, but it needs more reforms.

The WCC is the umbrella organization of all religions worldwide. After its 1-week mission, it will inform all its members about its findings here.

WCC President Gregorios said the mission's basic objective is to provide a new perspective of the Philippines to the world. "Then we will identify the present needs of the Filipinos."

The father of a slain soldier yesterday filed a complaint with the Presidential Committee on Human Rights (PCHR) against the assistant provincial commander of the Romblon PC/INP [Philippine Constabulary/Integrated National Police], Capt John Caoile, for murder and grave abuse of authority. Maximo Aureada, a slot machine technician in Las Vegas, Nevada, said his son, C2C Romeo Aureada, was allegedly shot by Caoile at 9:30 pm on May 1, 1985 in the town plaza of Romblon, in front of civilian and military witnesses. Documents submitted by Aureada to the PCHR show that Romeo was shot for no apparent reason.

No one ever dared help Romeo as Caoile with pistolized carbine stood by the bleeding soldier. Romeo was bleeding for about an hour before he was taken to the hospital.

Reacting to news reports that several assorted high-powered firearms were seized from his home in Bangued, Abra, former MP Arturo Barbero said the report was grossly exaggerated.

According to him, he was not in Abra when the raid and seizure was made but only two firearms, a M-16 armalite rifle and one .38 caliber PPK Walter pistol, several magazines and rounds of ammunitions were found in the Barbero home.

He denied knowledge and ownership of the seized articles. He said he surrendered all the firearms he owned to the PC authorities during the first week of April.

He explained that the Barbero home in Bangued, Abra, belonged to his late father, former Minister Carmelo Z. Barbero, and many people aside from his relatives have access to the place.

He also said that since his election as member of the abolished Batasan Pambansa, he and his family have been residing in Metro Manila.

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PHILIPPINES

BIGORNIA ON MOVES TO DELAY LOCAL ELECTIONS

HK021535 Manila MANILA BULLETIN in English 2 May 86 p 2

[From the column by Jesus Bigornia: "Plans Afoot to Delay Local Polls by 2 Years"]

[Text] Speculation over a possible 2-year extension of the "revolutionary" government beyond the indicated November cutoff date is sending chills of apprehension among perceptive citizens. Implicit in the proposal is the conceded political weakness of officers-in-charge [OICS]. The OICS, it is admitted, may not be able to hold their own in an open election against officials they have replaced. In the guise of "dismantling the last vestiges of the Marcos dictatorship," the current political leadership is now seeking a 2-year period of political preparation.

While the politically naive are willing to concede a clean-up period now sought, the more sophisticated Filipinos maintain that the election of local officials this year is the key to reconciliation nationwide. On the other hand, it is pointed out, further procrastination by the Aquino regime would give the Communist Party of the Philippines (CPP) and its front organizations the time and the opportunity to broaden and strengthen their beachheads in the provinces. By the time the administration can hope to match the vote-pulling power of former local officials, all candidates will have to get the blessing of the radical left to expect a chance to win in the election.

However, if it is the plan of certain allegedly left-leaning members of the Aquino Cabinet to deliver the nation to the CPP, postponement of elections would be the ticket for an early takeover. During the contemplated 2-year hiatus, the grievances spawned by the displacement of elective public officials and dismissed civil service officers, as well as various forms of harassment, are certain to fester and spill over in widespread disorders. Such a condition would lay the country wide open for a communist takeover.

The drift toward radicalism, advocates of early local election maintain, can be arrested, "nipped in the bud," by the conduct of election to pick local leaders not later than the end of this year. If the new political leadership is reluctant to come to grips with the political machine left behind by deposed President Marcos, there is one sure-fire way it can be disabled. All that President Aquino should do is to brand the undesirable candidates of the erstwhile Kilusang Bagong Lipunan (KBL) as enemies of the regime. If they can survive the presidential interdiction, they should be recognized as their communities' choices of leaders and such popular decisions must be respected.

PHILIPPINES

EDITORIAL CRITICIZES RALLYISTS AT U.S. EMBASSY

HK070259 Manila THE MANILA TIMES in English 3 May 86 p 4

[Editorial: "Difference Between People's Power and a Mob"]

[Text] Two and a half million people could demonstrate for Corazon Aquino without disturbing the peace. Because that was true people's power. Marcos stragglers cannot hold a demonstration without rowdiness and violence because it is a mob. The pro Aquino demonstrations were conducted by peaceful, law-abiding citizens demanding a return to democracy. They were the people. The pro-Marcos rallyists harass innocent passersby and inflict violence on photographers and reporters. They are the enemies of the people.

President Aquino extended an olive branch. Marcos's minions have answered with a spear at her door. President Aquino has no choice but to substitute the mailed fist for the velvet glove.

The Marcos demonstrators in front of the U.S. Embassy have gone too far. They are not holding rallies in front of the embassy, they have literally camped there and have, in effect, squatted in the area. They must be made to vacate the place, peacefully if possible, violently if necessary. They are free to conduct rallies in front of the embassy, but they cannot squat on a section of Roxas Boulevard.

It is not enough to disperse the Marcos demonstrators. More important is the arrest of their mastermind. It is common knowledge that the brains behind the operation is staying in the hotel near the demonstrators, funding and directing their moves. You don't kill a poisonous tree by harvesting its fruits, you have to extirpate it by the roots.

Undoubtedly, the demonstrators have chosen the site in front of the American Embassy to get maximum exposure. And violent demonstration before the U.S. Embassy is bound to land in the front pages of the world press.

But the demonstrations should be exposed for what they are. They are definitely not expressions of the popular Filipino sentiment. What impressed the world with people power was that it was peaceful. It goes without saying that any violent pro-Marcos demonstration will have a counter-productive effect in the world press.

People's power is peaceful.

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PHILIPPINES

PNP, NACIONALISTA PARTY DROP MERGER PLANS

HK060309 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 5 May 86 p 2

[Text] The proposed merger of the Partido Nacionalista ng Pilipinas [Philippine Nationalist Party] and the Nacionalista Party [NP] headed by the late Sen Jose J. Roy has not pushed through, and both parties have agreed to go their separate ways, reliable sources in both parties said yesterday.

Leaders of the two parties had planned to merge the two groups in the PNP founding congress originally set for May 11 but since postponed to June 15 with the NP as the surviving name.

However, the sources said, the directorate of the Nacionalista Party repudiated the proposed merger and decided instead to revitalize the Nacionalista Party with former Member of Parliament Rene Cayetano, an associate of Defense Minister Juan Ponce Enrile, as the prime mover.

The new group is said to be seeking an alliance with the other Nacionalista Party led by former Speaker Jose B. Laurel, one of the parties that formed the UNIDO [United Nationalist Democratic Organization] under whose banner Mrs Corazon Aquino and Salvador Laurel ran for president and vice president respectively.

A group of independent former members of parliament led by Alejandro Almendras was reported to have held in abeyance an invitation of the Cayetano convening group to join the NP. Some individual members of the Almendras faction have already joined the PNP.

Contacted for comment, PNP acting Chairman Blas F. Ople said the Nacionalista Party headed by Senator Roy and now by former MP Rafael Palmares would have been welcomed to the PNP "but they are entitled to follow their own course." He noted that the coalition between the NP and the KBL was subsisting and mutually binding.

"We have no doubt that the PNP is rapidly emerging as the major opposition party but we will have an open mind about cooperating with other opposition groups when the "time comes," he said. Ople said that after the founding congress on June 15, PNP will rapidly go down to the grassroots level and "will be strongly represented in every municipality, every barangay and every electoral precinct in the entire country."

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PHILIPPINES

SOCIAL DEMOCRATIC GROUPS SHIFT STRATEGIES

HK060623 Quezon City BUSINESS DAY in English 5 May 86 p 5

[By Marites Danguilan-Vitug]

[Text] Key organizations advocating social democracy enter a new phase of their political life: they are changing battlegrounds, form the underground into the legal arena, and shifting gears, shelving armed struggle as a means to attain reforms and are joining the bureaucracy and going full swing into elections as well as pressure politics.

Two groups--Partido Demokratiko Sosyalista ng Pilipinas (PDSP) and Kapulungan ng mga Sandigan ng Pilipinas (Kasapi)--have expressed support for the new government and are buoyed by their expanded membership after February 7 snap elections in which they participated.

But, having known the value of armed struggle, will the PDSP and Kasapi, each claiming to have disbanded their armed groups, return to such a strategy should they fail to achieve desired reforms under the Aquino government? And, more basic, will they attain changes within the next 6 years under President Aquino?

Both groups are hopeful of genuine reforms under President Aquino and downplay the role of armed struggle. Bert Gonzales, chairman of the PDSP, said they only took up arms because Marcos blocked the avenue for reforms; they did not mean to seize state power, he added, and used their army for defensive purposes alone.

Gonzales also said they "failed miserably" in their armed battle because most of their members were fitted for parliamentary struggle.

Charlie Avila, Kasapi member, told BUSINESS DAY: "It is easiest to abandon armed struggle because it is not a necessity, only a preference. It is not something desirable." He pointed out that under the new government, which he described as liberal democratic, armed struggle cannot succeed for as long as the elections are kept clean.

"We have an open mind about armed struggle, we don't disregard it (as a strategy), we respect it. But at this point in time, we don't see its usefulness yet," Rey Montano, Kasapi secretary-general, said.

"There is no resurgence of fascism yet. So the possibility of (resorting to) armed struggle cannot be decided now," Kasapi National Chairman Jesus Cellano pointed out.

Both Kasapi and PDSP carry a socialist perspective, are for the just distribution of the "rewards and burdens" of national development, are anti-imperialist, anti-fascist, and against feudalism. They differ slightly in their analysis of the ills that beset Philippine society and depart largely from each other on strategy: PDSP believes in protracted people's war while Kasapi is an advocate of urban insurrection.

PDSP is also against domestic capitalism, an issue Kasapi finds too encompassing. Kasapi instead zeroes in only on bureaucrat capitalism as one of the roots of the country's problems.

Another difference between PDSP and Kasapi lies in their attitude towards the communist. PDSP, it is known, is anti-communist while Kasapi is merely non-communist. Kasapi, Avila said, can talk and work with the extreme left on an issue-to-issue basis. (The social democrats are considered left-of-center in the political spectrum.)

PDSP's ideology is opposed to that of the Communist Party of the Philippines (CPP): PDSP believes in "authentic humanism"--aimed at a classless society of working people--but they do not use Marxist-Leninist tools of analysis.

Gonzales of PDSP said they are willing to respect the CPP and NDF (National Democratic Front) for as long as they are open to competing in the legal, peaceful arena.

As things stand, the social democrats and the national democrats are competing for mass membership, their democratic space enlarged with the installation of President Aquino into power. The later, though, are acknowledged to be more well-organized and with a larger mass base.

However, the social democrats, at the moment, are perceived to be at an advantage in the parliamentary arena, since they did not boycott the snap elections and therefore easily melded into the new government; some of their people are already in the bureaucracy, up to the deputy minister level.

"We find it easier to organize, to attract other groups or individuals, un-organized forces," said June Lee of the Kasapi Central Committee.

In the armed arena, PDSP had a small army, Sandigan, which operated mainly in Mindanao; Kasapi had a band of urban guerrillas based in Metro Manila under the name April 6 Liberation Movement. Sandigan had ties with the Bangsa Moro Army (BMA) of the Moro National Liberation Front (MNLF); the April 6 movement had no known tactical urban guerrilla allies, was formed in 1980 and launched offensive such as bombings of hotels and establishments owned by the cronies of deposed President Ferdinand Marcos.

For the April 6 group, urban guerrilla warfare was the most effective way of destabilizing government and taking over its reins since they saw Metro Manila--the seat of their operations--as the center of communications, transport, political and economic power.

(The name April 6 was derived from the date the noise barrage was launched in 1978, a day before the interim Batasang Pambansa elections were to take place in which the late Benigno S. Aquino Jr., led the Lakas ng bayan ticket.)

If they succeeded, Kasapi would have ascended into power then, set up a transition coalition government that would have called for elections and the rewriting over the Constitution. But most of their leaders were detained or went underground.

Others, however, saw the April 6 group as "adventuristic" and perceived them as urban "terrorists" with little chance of succeeding.

Kasapi resurfaced in December 1985, after 13 years in the underground, as a legal group and participated in the snap elections, mainly to gain strength and organize themselves. They now claim a mass base of 5,000. After the elections, their front organizations increased from 11 to 52, their officials say.

Kasapi's thrust now is to consolidate and expand people's organisations advocating their ideology and strengthen the peasant and workers' sectors, mainly in Metro Manila. They are also eyeing participation in the forthcoming constitutional convention.

Cellano, newly elected chairman of Kasapi, told BUSINESS DAY it is the first time their organizations leaders come from the grassroots. Cellano is an organizer involved with fishermen's groups. For the past 16 years (Kasapi was founded in 1970), its leadership came from the ranks of the professionals. But in their recent national congress (April 6), grassroots leaders ascended into power, showing a domination by mass-based organizations of Kasapi.

"There is a good representation of sectors in the Central Committee. Grievances can be easily aired," June Lee of the Kasapi Central Committee said.

Unlike the PDSP, though, which is a political party, Kasapi is a movement and cannot directly participate in elections; its focus is more on organizing for pressure politics.

Kasapi tried to enter the political party fray in 1982 when it helped set up PDP-LABAN [Pilipino Democratic Party--lakas ng Bayan]. However, it was not able to become a dominant influence on the party since only a few of its members were in key positions.

Kasapi officials claim they have been pushing for sectoral representation in PDP-LABAN since 1982 but this was never resolved satisfactorily. PDP-LABAN now, they say, is projected as a traditional political party, with Kasapi seen as "radical elements" within.

"We may have no voice at the top but our influence lies on their mass base members," Cellano said. The Kasapi officials recognize that most leaders of PDP-LABAN are without mass bases.

In this projection, however, Kasapi may be able to set up their own political party within 4 years.

For its part, PDSP is fielding and supporting candidates in the local polls and is gearing itself as a political party with an ideology, trying to veer away from personalities.

As preparation, Mar Canonigo of PDSP said PDSP will be transformed from a purely cadre party to a mass based party. As of now, he said, their presence is felt in seven regions. He admitted they are weak in terms of identifiable mass movements supporting them.

PDSP is also building its partnership with labor unions and various sectors, pressing for a clear anti-imperialist line from government, industrial democracy, land reform or rural cooperativism.

But there is one key issue the social democrats still have not resolved: their lack of unity. Although they belong to the same circle, they find it hard to get together in an alliance or umbrella organization. Temporarily, in the recent past, they were brought together under the Filipino Social Democratic Movement or FSDM under Agapito "Butz" Aquino who is acting as their unifier, a job he acknowledges as "difficult."

Canonigo explained that the social democrats are not a monolithic group and it is easier for them to get together in a larger coalition not limited to themselves. "It's like when you write a book, share it with others, and the readers come up now claim a mass base of 5,000. After the elections, their front organizations increased from 11 to 52, their officials say.

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Some observers say the social democrats, already having gained a toehold in government, may weaken their own influence if they stay divided.

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PHILIPPINES

SAN MIGUEL PLEDGES NO PARTISAN POLITICS

HK060853 Hong Kong AFP in English 0844 GMT 6 May 86

[Text] Manila, May 6 (AFP)--The San Miguel Corporation (SMC), the blue-chip Philippine multinational, will henceforth stay away from partisan politics, its chief executive pledged Tuesday.

Andres Soriano, SMC chairman and president, issued a statement entitled "Profit With Honor" detailing the 96-year-old firm's new corporate objectives and reiterating "to the Filipino nation the corporation's historical commitment."

The full-page manifesto was published in all of Manila's seven major daily newspapers.

Mr Soriano pledged that San Miguel would "respect the free exercise and enjoyment of individual political beliefs."

San Miguel, the Philippines' largest manufacturing combine, has been in the thick of controversy here since its former Chairman Eduardo Cojuangco fled the country with deposed President Ferdinand Marcos 2 months ago.

Mr Cojuangco, a wealthy industrialist and close political ally of Mr Marcos, was accused of company politicking and coercing SMC employees to vote and campaign for Mr Marcos during a presidential election in February.

The government of President Corazon Aquino--an estranged cousin of Mr Cojuangco--in March froze a large block of San Miguel shares valued at more than \$162 million, which it suspected had been acquired by Mr Cojuangco using contributions to a fund by thousands of coconut farmers.

San Miguel produces and packs a wide array of basic consumer products and employs more than 16,000 people across the Philippines.

Aside from brewing the world-famous San Miguel beer, the conglomerate is also involved in agriculture, aquaculture, feed and livestock production, dairy produce, beverages, coconut oil milling and consumer packaging. A foothold in the company is seen here to yield enormous economic and political dividends and a directorship in SMC has been actively sought by influential Filipinos for years.

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PHILIPPINES

**FIRM FINDS CONFIDENCE IN AQUINO 'AIR OF STABILITY'**

HK080415 Hong Kong SOUTH CHINA MORNING POST in English 8 May 86 Business News  
p 2

[By John Blanton]

[Text] Despite recent vocal opposition, Philippine President Corazon Aquino and her "revolutionary" government are projecting an air of calm stability that could help the country regenerate its economy, according to Thornton Management (Asia) Ltd.

In an overview of the Philippine political and economic climate, issued to coincide with the launch of a new fund aimed at investment there, Thornton managing director James Mellon said the Philippine economy, "despite overwhelming obstacles, shows good prospects for longer term revitalisation."

The subscription offer for Thornton's Philippines Redevelopment Fund, which opened last week, closes tomorrow.

Mr Mellon said the offer was already close to 50 per cent subscribed, with a surprising 75 per cent of investment thus far originating in Australia. The offer is of 300,000 shares of U.S. \$10 per share, setting a maximum of \$3 million on the fund.

The offer is not authorised by the Securities and Exchange Commission, and therefore has not been openly advertised. Given this and the fund's target, Thornton is keeping the initial size of the fund to a minimum.

"We're limiting it to a small amount because it's a small market," Mr Mellon said. "And we're emphasising to interested parties that the fund is primarily a speculative investment not designed for the bulk of one's savings, although the odds are good for a positive return."

"We're not expecting any miracles, but the Philippines has the potential to be one of the best-performing markets in the region, and it's one of the few that is widely open to foreign investment."

Similar forays into the Philippine market have proved disastrous for many, but Mr Mellon said Mrs Aquino's peaceful accession to power after the corruption of the later years of the former Marcos regime, were a watershed in the country's economy.

"The companies that have weathered the storm of the last few years are now in a strong position for growth," he said. "There has been a tremendous shake-out that has spelled the demise of those companies weak in terms of management."

On the plus side for future investment, Mr Mellon says, Mrs Aquino's efforts to boost lending rates have effectively begun a contraction of the M1 money supply, which had expanded by 9.8 billion pesos (about HK \$3.92 billion) during the 2 months before the election.

Overseas aid, aprticularly from the United States, Japan and Australia, is coming through, and some of the nation's huge foreign debt is to be rescheduled. The Philippines is also likely to be a major benefactor of the crash in world prices for oil, which represents roughly 15 per cent of total imports.

The time is ripe for foreign investment in the Philippine stockmarket, Mr Mellon said.

Thornton has launched two other funds this month. The Pacific Technology Fund, subscription to which also closes tomorrow, has a maximum limit of U.S. \$10 million and is aimed at high-technology industries, primarily in Japan and the United States.

The Tiger Fund, to be launched later this month, will invest in industries in Hong Kong, Singapore, South Korea and Taiwan. It also has a maximum limit of \$10 million.

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PHILIPPINES

HUMAN RIGHTS ABUSES EXPOSED IN ILOCOS NORTE

HK021616 Quezon City BUSINESS DAY in English 2 May 86 p 22

[Text] Baguio City--Human rights violations--salvaging, torture, illegal detention, forced evacuation, threats and crimes against property--were prevalent even in ex-president Marcos's province of Ilocos Norte.

According to a fact-finding report of the Northern Luzon Human Rights Organization [HRO] and Task Force Detainees [TFD] which visited Ilocos Norte last month, most of the violations were committed in 1984 and 1985. Their report added that most of the violations were allegedly committed by the military in far-flung Barrios near the Cagayan Province border.

Cited as among the well-known case of human rights abuse was the so-called "Bangui 8 Salvaging." Last March 9, eight decomposing corpses were found in sitio Masamuyao, Bangui, Ilocos Norte.

Identified as former employees of the Bureau of Forest Development in Ilocos Norte, the eight were believed to have been killed last January 28.

The fact-finding report linked the elements of the 127th PC [Philippine Constabulary] company assigned in the area and the local official to the killings.

Another case is the alleged forced evacuation in barrios Nalames and Malasin of Dumalneg town in August 1985 and November 1984, [word indistinct] to prevent Barrio residents from supporting members of the New People's Army (NPA).

Barrio folk were reportedly evacuated to the Dumalneg [word indistinct], and have remained there, despite their wish to go back to their Barrios to earn livelihood.

The report also noted that the 50th infantry battalion is still detailed at Cabangaran, Vintar despite protests by residents there.

To protest the abuses, a first anti-militarization rally was held in Laoag City by some 1,000 participants last March 30, according to members of the fact-finding group. Rallyists, who were mostly Apayaos or Isnegs, also picketed the military headquarters at Camp Juan in Laoag City.

The report said Barrio folds generally condemned militarization in their area. The fact-finding report noted that the affected Barrios were depressed communities that lacked schools, clinics, hospitals, roads or bridges.

Members of the HRO and TFD said they "will remain vigilant because the cause of human rights is far from over" citing the Ilocos Norte cases. They also pledged to actively support the people's call for demilitarization and to solicit support from the people for the victims' relatives in the Bangui salvaging.

Meanwhile, sources said some political detainees at the Ilocos Norte provincial jail are still detained. They are Silver Basilio, Saturnino Rasus, and William Villoria. In their resolution, the HRO and TFD requested President Aquino to release the detainees.

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PHILIPPINES

SOME 'MARCOS GENERALS' MAY BE REASSIGNED TO FIGHT REBELS

HK051554 Manila THE MANILA EVENING POST in English 3 May 86 pp 1, 3

[By Ed Malay]

[Text] Some generals identified with former President Marcos, particularly those considered counter-insurgency experts, may be reassigned to help the government fight the rebels.

Sources said the decision to use some of the so-called "Marcos generals" was reached, following the series of setbacks suffered by the military in the hands of communist insurgents.

As this developed, counter-insurgency experts described the situation in Cagayan as tense.

Thousands of military troopers and many helicopters gunships and T-34 fighter planes were sent to flush out about 200 New People's Army (NPA) terrorists.

The worsening situation in Cagayan has led to the reassignment of the Regional Unified Command chief for Region 2 (Cagayan).

Among those who may be sent to the battlefield is Brig Gen Rolando Pattugalan, former commander general of the 2d Infantry Division and the dreaded jungle fighter contingent.

Pattugalan is known to be a counter-insurgency expert.

The Cagayan problem has become a test case for the new military leaders, headed by Defense Minister Juan Ponce Enrile and Gen Fidel Ramos, new AFP [Armed Forces of the Philippines] chief of staff. The communist insurgents chose Cagayan to be the new battlefield, giving credence to intelligence reports that the NPA rebels were nearing the next phase of their operations--strategic offensive.

Ramos admitted in his speech before business executives in Makati last Wednesday that the NPA's achieved what he called "strategic stalemate" in some areas of the country. Such situation occurs when both the military and the NPAS are of equal force and influence.

Most of the generals identified with Marcos are still under house arrest. They include Pattugalan, Brig Gen Artemio Tadiar of the Philippine Marines, Maj Gen Josephus Ramas of the Philippine Army, Col Rolando Abadilla of the defunct PC Metrocom [Philippine Constabulary Metropolitan Command], Brig Gen Antonio Palafox, and other counter-insurgency experts. They were told to write their war records and their "experiences" during the Marcos administration.

More than 30 troopers were killed in ambushes and clashes with NPA rebels in Cagayan over the past 2 weeks. The fatalities included two newsmen covering the dissident activities in the province.

As more military troops were sent to Cagayan, reports reaching the AFP general headquarters revealed that the NPAS in Norther Luzon have also reinforced their ranks in Cagayan and nearby provinces in preparation for an all-out confrontation with the military.

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PHILIPPINES

PAPER REVIEWS MARCOS GOVERNMENT LOAN REQUESTS

HK060433 Manila MANILA BULLETIN in English 4 May 86 p 21

[Text] Four more loan applications by the Philippine Government, totaling \$98.6 million, are pending with the Asian Development Bank (ADB).

Bank sources disclosed that the four applications were filed by the previous administration of ousted President Marcos and the new government under President Corazon C. Aquino is reported to be reviewing each of them.

The proposed loans include a \$28 million for the Bislig coal development project of the Philippine National Oil Co, a \$5 million technical assistance loan for the land use planning and regional development project of the National Economic and Development Authority, a \$50 million loan for the fourth road improvement project of the Ministry of Public Works and Highways [MPWH], and a \$15.6 million loan for the highland agricultural development project of the Ministry of Agriculture and Food [MAF].

The Bislig coal project, now under review by the ADB, involves the establishment of facilities in Bislig, Surigao del Sur for mining about 230,000 metric tons of coal per year. Total project cost is estimated at \$43.6 million, including a foreign exchange cost of \$31.7 million.

The fourth road improvement project of the MPWH involves the reconstruction and improvement of about 350 kilometers of roads, bridges, and drainage systems in rural areas and consultant services for construction supervision.

The highland agriculture project of the MAF involves four major components: (1) construction and rehabilitation of farm-to-market roads; (2) construction and rehabilitation of communal irrigation systems; (3) provision of agricultural support services; and (4) institutional support for project management and implementation.

Earlier, the ADB approved its first loan to the Aquino government amounting to \$100 million to meet part of the local currency requirements in 1986 and 1987 for a number of on-going ADB-financed projects.

The bank announced that it was reassessing its lending program to the Philippines to tailor its operational strategies to the plans and priorities of the new government.

Due to a continuing severe shortage of counterpart funds and consequent slow-down in the implementation of loans disbursements for nearly all of ADB's on-going projects in the country, no new loans were provided by the ADB to the Philippines last year.

The bank said that the bank's operational strategy in the Philippines in the short-term focuses on the completion of on-going projects which have high rates of return; the rehabilitation or improvement of existing infrastructure facilities; and on high priority projects of short gestation periods, minimum local currency requirement and favorable balance of payments impact.

Sources said some on-going projects identified as no longer high in the development priority may be cancelled to help relieve the government of unnecessary loan commitment charges.

Of the 76 loans approved by the ADB to the Philippines, 32 had been completely disbursed and 44 were under administration as of the end of 1985.

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CSO: 4200/999

PHILIPPINES

MARCOS GUARD MEMBERS DESERT FIELD UNITS

HK070245 Quezon City BUSINESS DAY in English 6 May 86 p 20

[Text] Some 500 former members of the elite security unit Presidential Guard Battalion [PGB] of deposed President Ferdinand Marcos and his family, are deserting their military field units, military sources at Camp Crame said yesterday.

This elite security force was reassigned to provincial military units after Marcos fled the country last February.

The sources said the desertions do not seem to fall "under a deliberate pattern" nor do they point to a well-organized plan towards the forming of an armed group of loyalists.

The same sources admitted, however, that some of these deserters were seen and photographed in Marcos loyalist rallies held in Manila recently.

The sources noted that instead of a deliberate pattern, the desertions seem to occur in "ticklers" with individual members of the defunct unit leaving their units mainly for other reasons.

Primarily, most of the former PGB members are convinced that their reassignment to combat areas in the provinces is politically-motivated, they said, adding that they felt they were assigned there because of their unswerving loyalty to the deposed president. Because of this, the former members of the PGB believed they are discriminated against.

They also cite two sore points which may have led to their defection. For one, they are not allowed to sleep in the barracks in these units; and for another, they are sent on dangerous combat operations without firearms. "The deserters complain because they do not have combat operation experience and sending them to "hot areas" without firearms is suicide.

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CSO: 4200/999

PHILIPPINES

POLICE FILE SEDITION CHARGES AGAINST MARCOS LOYALISTS

HK060333 Hong Kong AFP in English 0328 GMT 6 May 86

[Text] Manila, May 6 (AFP)--Police have filed sedition charges against 10 diehard supporters of ousted President Ferdinand Marcos, most of them popular show business personalities, the Manila police headquarters confirmed here Tuesday.

Corporal Juan Mallari said he filed with the Manila City fiscal's office Monday a complaint against the 10 leaders of the so-called Marcos loyalists who have been blamed for much of the violence that has hit Manila since last week.

They were charged with illegal assembly and inciting Marcos loyalists to commit "treason, rebellion, sedition," the complaint said, adding that the disturbances caused injuries to at least 55 people.

Riots erupted last May 1 when the loyalists, who demand the return of Mr Marcos from exile, and supporters of President Corazon Aquino clashed, injuring dozens of combatants, bystanders, journalists and policemen.

Police later broke up a 2-week-old stakeout by the loyalists outside the U.S. Embassy nearby. An attempt by thousands of Marcos supporters to stage a rally at a central park Sunday was forcibly thwarted by police enforcing a city ordinance that bans rallies without a permit from the mayor.

Named in the complaint were movie actresses Amalia Fuentes, Alona Alegre, Elizabeth Oropesa and Rio Diaz, singers Florante de Leon and Imelda Papin, record producer Bong Carrion, comedian Amay Visaya, and lawyers Carlos Salazar and Domingo San Juan.

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PHILIPPINES

CONTINUING MARCOS INFLUENCE QUESTION IN PHILIPPINES

HK080155 Hong Kong AFP in English 0135 GMT 8 May 86

[By Roberto Coloma]

[Text] Manila, May 8 (AFP)—Ten weeks after he fled for his life, Ferdinand Marcos hovers like a specter over Corazon Aquino's government, meddling in Philippine politics by remote control and threatening to retake the presidency shortly.

The prospect of his return from exile, however remote, has driven thousands of Marcos loyalists to frenzied protests and prompted the new authorities to take forceful measures and warn about the dire consequences of a comeback.

Periodic rumors of a Marcos kin or aide sneaking in from Hawaii with arms caches easily turn into catchy headlines that result in demands for a probe, denials from officials, and much gnashing of teeth among Aquino followers.

Ailing, facing dozens of lawsuits and denied access to his allegedly plundered fortune, 68-year-old Mr Marcos has even become an irritant between a U.S. Government that wants him moved to a third country, and President Aquino's administration which prefers him in U.S. territory indefinitely.

The fallen dictator's future was expected to be a major theme during the Philippine visit Thursday and Friday of U.S. Secretary of State George Shultz.

President Ronald Reagan and Mr Shultz have urged Manila to reissue Mr Marcos's cancelled passport and withdraw a warning that any third country that gives sanctuary to Mr Marcos would be considered hostile to the Philippines.

But the rub is that Mr Marcos has been sending clear and strong signals that he plans a political rebound like Argentina's Juan Peron instead of a quiet retirement writing memoirs in some tropical isle.

Vice President and Foreign Minister Salvador Laurel said here Monday after returning from Bali where he met with President Ronald Reagan and Mr Shultz that Manila would consider issuing Mr Marcos's passport only after stabilizing the domestic situation.



He indicated it would be after a new constitution had been framed and new elections held. The process was expected to be completed by March 1987.

Earlier, Defense Minister Juan Ponce Enrile, who led the 4-day military-civilian revolt that ended in Mr Marcos's hasty flight, vowed to arrest Mr Marcos and said his life may be in danger if he came home.

No less than Arturo Tolentino, the appointed rallying symbol of the divided pro-Marcos forces here, has publicly advised Mr Marcos to stay away for at least 2 years to prevent a bloodbath involving his fanatic followers.

The continued Marcos influence here is no surprise from a man who ruled his country for 20 years, the last 14 under "constitutional authoritarianism."

Many Filipinos believe that Mr Marcos's political cunning, resources and following are still formidable, and that even if he falls short of toppling the Aquino government, he can cause a great deal of trouble.

Mr Marcos has apparently embarrassed Washington with his persistent politicking and insistence that U.S. officials virtually kidnapped him to Hawaii, where the large Filipino-American community has been divided by his presence.

Many educated Filipinos believe the White House continues to coddle Mr Marcos, and providing him another sanctuary outside of the United States is the least "old friend" Reagan can do to ease his difficulties.

Manila fears that giving him back his passport would allow Mr Marcos to edge closer here, if he doesn't actually land home, or dodge U.S. lawsuits intended to recover his worldwide assets estimated by the new government at more than \$5 billion.

Observers also point out that it would be easier to monitor Mr Marcos's movement in the United States due to its sophisticated media and communications system, even if the same factors allow Mr Marcos to meddle in Manila politics.

Mr Marcos has encouraged loyalists, by long-distance telephone appeals aired on local radio, to keep protesting against the Aquino government and prepare for his triumphant return.

He has also kept in close touch with lieutenants here by telephone.

After ignoring Marcos loyalist rallies here, the authorities cracked down hard on May Day, using fire hoses, truncheons and tear gas to disperse a loyalist crowd after street riots between Marcos and Aquino supporters.

Police violently dispersed a similar rally Sunday, after which officials indirectly acknowledged the menacing presence of the Marcos specter by saying that "maximum tolerance" for loyalists was over.

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PHILIPPINES

MILITARY SOURCE ON RIFT BETWEEN JUNIOR, SENIOR OFFICERS

Sydney THE AUSTRALIAN in English 22 Apr 86 p 8

[Article by Barry Lowe: "Military the Big Threat to Cory's Move for Reform"]

[Text] THE Philippines armed forces are far from being united behind President Aquino, and divisions in the military have the potential to bring down the country's centrist Government, political observers say.

One analyst, former navy Captain Dan Vizmanos, who was jailed by the Marcos government for his criticism of the military leadership, believes the young colonels credited with laying the foundation for the February coup that propelled Mrs Aquino into power do not enjoy the support of junior officers.

The junior officers see the new clique of military leaders as trying to replace the ousted pro-Marcos clique.

Captain Vizmanos points out that the movement, known as RAM (Reform the Armed Forces Movement), decided to take part in a military putsch only at the last moment and its objectives had never been to overthrow the Government.

"RAM was forced into a political role it didn't plan for itself," Captain Vizmanos said. "History has given its leaders far more prominence than they expected."

He said the RAM leaders, who have become media personalities since the coup, have been glamourised by the middle classes searching for heroes to cement the myths surrounding Mr Marcos's overthrow.

### Revolution

"They might be heroes to many people, even though they did not do any fighting during the uprising, but to many young officers they are tainted by their past associations with the Marcos military machine."

Captain Vizmanos believes the new military hierarchy will be unable to alter the course of the New People's Army insurgency because its orientation follows the US line of relying on military solutions to civil strife.

"Their obsession with communism as the enemy follows the American thinking about the global East-West struggle."

"But this simplistic attitude is not realistic in the Philippines context, where armed insurrection is brought about by social injustices which must be solved before the rebels will lay down their arms."

"RAM's stated objectives of protecting democracy by resisting communism really harks back to the old Marcos ideology which the ex-dictator called 'revolution from the Centre'."

"The RAM leaders don't seem to have any new ideas, and they are likely to repeat the mistakes made by their predecessors."

Captain Vizmanos said RAM's commitment to military solutions was likely to lead the army into conflict with the Aquino Government, which favours a negotiated settlement.

On the other hand, the military's obsession with exterminating the NPA guerrillas would keep them too occupied to alter the balance of power.

"At the moment, the only thing that prevents the military, which is allied with the political Right, from overwhelming the Centrist forces around Mrs Aquino, is the Left, which has its power base in the New People's Army," Captain Vizmanos said.

"If the army persists with its present attitude towards the insurgents, then that balance of power is likely to endure for some time, which may be the only thing that will enable the Aquino Government to survive.

"The reform movement" is not a cohesive organisation of like-minded officers. Rather, it is a loosely organised movement that comprises many diverse views and positions."

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PHILIPPINES

RIGHTS OFFICIAL SAYS MILITARY ABUSES CONTINUE

HK070453 Manila PHILIPPINE DAILY INQUIRER in English 2 May 86 pp 1, 3

[By Roy S. de Guzman]

[Text] A junta of top civilian and military officials constitute the single most powerful political bloc in President Aquino's government, and has so far succeeded in implementing its own counterinsurgency program--considered to be one of the most crucial issues of the day.

This was the view expressed by lawyer William Claver, a member of the Presidential Committee on Human Rights (PCHR), the presidential arm tasked with the investigation of military abuses against civilians during the authoritarian regime of Ferdinand R. Marcos.

Claver, in an interview with the INQUIRER, observed that Aquino's "humanitarian viewpoint" has not been evident thus far in recent thrusts of the so-called New Armed Forces of the People under the alleged junta's leaders, he said.

He refused to name the members of the so-called junta but said that they are "powerful" military leaders and Aquino cabinet members.

Claver, human rights advocate and chairman of the autonomy-seeking Cordillera People's Alliance (CPA), expressed disappointment over continued heavy military presence in the countryside.

Claver, a native of the Cordilleras, also charged that in the region, where he now serves officer-in-charge of Kalinga-Apayao, there are still rampant abuses being committed by members of the armed forces.

He pointed out that weeks after the February military revolt that toppled Marcos, soldiers raided the home of a Kalinga-Isneg leader, leading to the death of several persons in nearby houses. There were also unconfirmed reports that nine tribesmen of the Tinggian tribe in Abra were tortured by soldiers after finding out that they attended a "bodoing" conference, native peace-pact efforts to resolve inter-tribal differences.

All these, Claver said, has led him to conclude that "an invisible junta" may be directing the military program against New People's Army (NPA) rebels in the mountainous regions of the country.

"We cannot attain peace this way," Claver said.

He said that for his part, he has asked the PCHR into ordering the arrest of two notorious Philippine Constabulary [PC] officers who figured prominently in the "reign of terror" in the Cordillera region before the February uprising, and in effecting the withdrawal of an entire army battalion in Mountain Province.

Leaders of the CPA, advocate for autonomy for the Cordillera people, are demanding the immediate, unconditional and total withdrawal of military forces in the six provinces of the region: Abra, Benguet, Kalinga-Apayao, Ifugao and Mountain Province.

The CPA leaders said that instead of taking a defensive stance, government soldiers are flushing out dissidents in the Cordilleras, committing abuses against the populace along the way. "Only by withdrawing soldiers from the region can we see the return to peace," they said.

Claver earlier expressed hope that the communist-led rebellion in the region can end, as he explained that around 80 to 95 percent of the rebels are natives of the Cordilleras. "They only want to be recognized as the rightful leaders in their own land--where their ancestral domain is respected by the national government--before laying down arms."

A heavy concentration of PC, Marines, Army, Air Force, and even Navy troopers are deployed in the Cordilleras, regarded as one of the strongholds of the NPA.

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PHILIPPINES

CEBU TRADERS, NISA LINKED IN DOLLAR BLACK MARKET

Cebu City SUN STAR DAILY in English 13 Apr 86 pp 1, 2

[Article by Edralyn L. Beneficto]

[Text]

Seven well-known Cebuano businessmen were allegedly financing Central Visayas' multi-million dollar blackmarketing under the supervision of the now defunct National Intelligence and Security Authority (NISA) in Region 7, a highly-placed intelligence source told *Sun Star Daily* last night.

The source said the operation, which started middle of 1984, was well-organized. Transmission was done two to three times a week averaging at \$20,000 per shipment through a NISA "contact" in Manila, the source said.

The names of the seven businessmen were withheld by the source.

The operation, according to the source, was allegedly taken charge by then NISA-7 chief Capt. Bernardo E. Patino.

**NOT ILLEGAL?**

The source added Patino never ran off with millions of dollars but was simply following orders from higher officials.

NISA operatives, said the source, did not find the activities illegal since they were covered by an order signed by representatives from three government agencies which placed the NISA in direct control of the operation under a task force called "Operation Lustian."

The task force was created to control the soaring dollar value

as an aftermath of the economic crisis brought about by the assassination of former Sen. Benigno Aquino Jr. in 1983, the source said.

**QUOTATION**

Dollars were bought at 10 per cent above the prevailing market value with the buying price quotation directly coming from the Manila "contact."

Among others, the source revealed, the NISA was acting as security force for the Cebuano dollar buyers-financiers.

The source cited an instance wherein a blackmarketer was "reprimanded" for "overpricing" dollars from the buying price quoted by the Manila connection.

**ALLOWANCES**

The source claimed the operatives were given "allowances" for their efforts which some members of the task force said were "just enough for cigarettes and a little merry-making."

The source would not, however, confirm nor deny whether the operation is still

going on at present.

The source said Patino is presently undergoing a reorientation training in Cavite like other military personnel who were involved in "cloak-and-dagger" operations during the Marcos-Ver era.

The source said he had no knowledge of other men in military or government service involved in the dollar blackmarket activity.

As far as he knows, the source said, the NISA was in charge of the operation.

#### PATINO

Patino hugged the headlines in Cebu August, last year when he named local newsmen as unwitting tools of the communist propaganda movement.

He was replaced a month after Defense Minister Juan Ponce Enrile came to Cebu and told the local media community to ignore Patino's allegations.

Since September of last year, there was no formal statement on the whereabouts of Patino after he was taken out as NISA 7 chief.

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CSO: 4200/987



PHILIPPINES

MALAYA COLUMNIST VIEWS GOVERNMENT'S AGRARIAN POLICIES

HK070045 Quezon City ANG PAHAYAGANG MALAYA in English 28 Apr 86 p 4

[Column by Renato Constantino: "Deregulating Agriculture"]

[Text] The emerging agrarian policies of the administration may be gleaned from the various pronouncements on the subject by the new economic managers since the president herself still has to unveil a concrete socioeconomic program. The policy statements by Ministers Ongpin, Concepcion and Mitra suggest a continuity, rather than a break, from the program of "deregulation" worked out by the World Bank during the last 3 to 5 years and incorporated in the 1984 Letter of Intent to the IMF. While Minister Ongpin claims that the IMF will give us better terms, the same parameters will be in force.

The program is consistent with the overall thrusts of the IMF-World Bank group for the Philippines, namely: postponing and even de-emphasizing industrialization, promoting the country's so-called "comparative advantage" in agriculture, liberalizing the trade regime via import and tariff deregulation, and opening up the economy to foreign capital. It is a neo-colonial arrangement pure and simple.

In agriculture, "deregulation" is aimed at spurring greater corporate involvement by removing the "barriers" to investments such as price controls on all kinds of inputs and outputs, "excessive" regulations and taxes on trading and business operations, government intervention in the market, restrictions on the free entry and exit of local and foreign capital, and supports to "local monopolies."

Such a laissez faire program is expected to lead to higher agricultural output and agri-based export earnings since the "deregulated" market will guide the investors to the most profitable areas of agricultural production based on the requirements of the domestic and global markets.

Such expectations may indeed be realized but these do not automatically mean the economic emancipation of the millions of small farmers and landless poor who probably still have not heard of the word deregulation and who cannot be expected to understand much less make the workings of the national and global markets operate to their advantage. Small farmers might even lose their lands or their independence (via the growers' contracts) to the giant agri-business firms led by the American and Japanese transnationals.

With their vaunted global reach and decisive control on the latest technologies in agriculture (e.g., new seeds through genetic engineering), the agribusiness TNCs [transnational corporations] are in the best position to take advantage of the program of deregulation.

It must be noted that the American Chamber of Commerce had been prodding the deposed Marcos regime to loosen what the Chamber perceived as a "restrictive" Philippine policy on the foreign investors' access to farm land despite the existence of the service contract provision in the 1973 Constitution which allows agribusiness TNCs to manage large tracts of land in the country.

In his effort to comply with the reforms demanded by the U.S. and the IMF, Marcos during the height of the electoral campaign decreed the Agribusiness Incentives Act, which had been pending at the defunct Batasang Pambansa for the whole year of 1985. The decree incorporated the "deregulation" thrusts of the World Bank and allowed 100 per cent foreign equity in the priority agribusiness areas. So far, the Ministry of Agriculture has not issued any clarification on the status of the decree.

Recently, the Aquino government lifted the ban on the exportation of raw copra in the hope that the world market will reward small coconut farmers with higher prices. The world market for raw commodities produced by the Third World is not only subject to violent price fluctuations but is also controlled by a few giant trading houses from the United States and Western Europe.

This policy misses a very important economic fact of life: without increased processing of the raw materials produced by our land, the country will be consigned to permanent poverty. For 150 years, the Philippines has been exporting raw copra to the benefit of the oil millers and manufacturers of coconut by-products in the United States and Europe, who profit from the greater value added derived from various types of processing of the copra material and who are less affected by the vicissitudes in the world commodity market. The small coconut farmers are as poor as their grandparents were.

What the government should have done is to continue the vertical integration of the coconut industry--but this time with a big difference, rationalizing the industry under a democratic setup and with full public accountability. But then, will such a people-oriented policy not disqualify us from receiving the anticipated aid coming from multilateral agencies and industrial countries?

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## PHILIPPINES

## AGRICULTURE MINISTRY EXPECTS TO FACE RICE SUPPLY GLUT

HK050544 Quezon City ANG PAHAYAGANG MALAYA in English 30 Apr 86 p 7

[By Benjie Guevarra]

[Text] Plagued by sporadic rice shortages since the early 1980's, the country is now ironically facing an expected supply glut that would pose another headache for the Ministry of Agriculture and Food.

A projected 11 percent production hike this year coupled with excess importations in 1985 will most likely leave Agriculture Minister Ramon Mitra Jr. with too much rice stocks in his hands which, unfortunately, cannot be disposed of in the world market without incurring substantial financial losses.

Pointing to the estimated national production increase from 8.2 million metric tons in 1985 to over 9 million metric tons this year, Mitra disclosed that "the 11 percent hike is not necessarily good news."

It will certainly entail post-production difficulties, said the minister, apparently referring to the storage problems from the time the palay crops are harvested up to their eventual sale.

Surplus stocks may not be sold at all. Mitra noted that the world market rate is only P2 per kilo of rice, or at least three times below the prevailing P6 to P7 price locally. The government is even buying palay at P3.50 a kilo, which is already close to double the global price of rice.

Compounding the feared glut are 400,000 metric tons of inferior, imported rice still circulating in the local market.

In a frantic bid to stave off a projected shortage last year, the National Food Authority [NFA] imported a total of 500,000 tons, only a fifth of which has so far been consumed, he said.

Following the success of the seed-fertilizer technology adopted by the ministry through its Masagana 99 program, the country became self-sufficient in rice in the late 1970's and even managed to export several thousand tons to neighboring Asian countries.

But the NFA started to import rice anew in the early 1980's in the wake of production shortfalls largely blamed on super typhoons which devastated vast tracts of ricelands.

"Our thrust now is less on production than on increasing the farmers' income through government measures such as the promotion of crop diversification and price rollbacks on expensive fertilizers and other imported farm inputs," the minister stressed.

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PHILIPPINES

PNA ON LIFTING OF IMPORT CONTROLS ON 143 ITEMS

BK010849 Manila PNA in English 0827 GMT 1 May 86

[Text] Manila, May 1 (PNA)--The government lifted Thursday import controls on 143 items in line with its import liberalization program designed to spur local industries to be more competitive.

In a circular, the Central Bank [CB] said the 143 items, which were delisted from the scheduled of regulated commodities, may now be imported without prior approval of the Board of Investments and other government agencies.

The items liberalized are basic raw materials such as basic iron and steel products, hydrogen peroxide, paper and paperboard and products of such materials, among others.

The removal of the import controls on the 143 items was approved by the Monetary Board, the policy making body of the CB, last Tuesday.

The CB said the list was finalized in consultation with industry sectoral task forces and the Philippine Chamber of Commerce and Industry.

It took into account the essentiality of the items, the operation of local producers, the level of utilization of domestic production capacities and the availability of safeguards for the protection of domestic industries, including adequacy of existing tariff rates.

The CB said authorized agent banks are required to transmit directly to the CB a weekly report of letters of credit opened and documents against acceptance-open account availments [as received] covering importations of the 143 items.

The report is to be submitted every Tuesday following the transaction week to the current imports and commodity classification office of the Central Bank.

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PHILIPPINES

MONEY SUPPLY SHOWS SMALL FEBRUARY INCREASE

HK021555 Quezon City BUSINESS DAY in English 2 May 86 p 2

[Text] The M3 money supply, which consists of cash plus all forms of bank deposits, increased by only P160 million in February despite the P4.6 billion surge in cash in circulation (the M1 money supply) due to election spendings, data released by the Central Bank [CB] showed.

According to the CB data, money supply stood at P40,696 million as of end-February, while M3 amounted to P129,573 million.

The CB data show that the new money released to the public as a net result of government borrowings from the CB in the first 2 weeks of February would have less inflationary impact as had been originally feared. The CB data indicate that monetary authorities may be able to avoid the 1984 phenomenon when a surge in government borrowings that was nearly entirely reflected in the M3 money supply pushed inflation to record levels.

Although the CB did not explain the reasons why the broad money supply level was virtually unchanged from one January level, bank economists said two major factors would account for this. First, election spendings, most of which were directed to the lower classes, ended up in consumer spendings rather than in bank deposits, which would have multiplier effects. Furthermore, the political uncertainty during most of February, combined with the boycott call against the so-called crony banks, led to consumer withdrawals of their deposits in banks. A second reason was the CB's quick move to siphon off the excess liquidity in February by offering higher yields on the Treasury and CB bills.

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PHILIPPINES

BANKERS QUESTION GOVERNMENT'S GROWTH FORECASTS

HK021543 Manila MANILA BULLETIN in English 2 May 86 p 16

[Text] Bankers have expressed doubts over the government's rosy projection that the economy will post a positive 2 percent growth this year after suffering from a 10 percent drop in gross national product in the past 2 years.

A zero growth is a more realistic projection considering that the level of economic activities today has not really perked up yet and is not expected to vastly improve in the coming months, bankers said the other day.

Many businessmen, according to bankers, still sport a wait-and-see stance because they are still awaiting the government to get its act together and spell out its economic policies in clear and explicit terms.

Certain members of the Aquino government, for instance, do not seem to agree fully on how foreign investments will be treated and whether they are really welcome to come into the country, bankers said.

A high official of the Central Bank [CB], however, said the government is still aiming for a positive GNP growth this year. Finance Minister Jaime Ongpin and CB Governor Jose Fernandez Jr earlier said the government projects a 1.5 to 2 percent GNP growth this year.

The CB official said projections of a positive GNP growth for this year are enhanced by the elbow room that the International Monetary Fund has agreed to give to the Philippines so it will have flexibility for growth in the new economic adjustment program that is being drawn up.

He said this elbow room means the government will be allowed to have a higher budgetary deficit level and the relaxation of other previously imposed stringent economic criteria which restricted the economy from growing last year.

Bankers, however, said that it will [be] difficult for the economy to post a positive GNP growth for the whole year considering that the level of activities towards the middle of this year have not really picked up yet.

The CB official admitted that business activities are still down and have contributed to a relatively low utilization of the \$3 billion trade facility used for financing imports of raw materials.

Bankers also expressed doubts that any positive growth during the last quarter of the year will offset the negative GNP growths that will likely be suffered during the first two or three quarters.

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PHILIPPINES

BUSINESSMEN FEAR AQUINO CONCESSIONS TO LABOR

HK060427 Quezon City BUSINESS DAY in English 5 May 86 p 2

[By Ma. Victoria A. Gochoco-Pere.]

[Text] President Aquino's granting of a package of concessions to labor last May 1 is seen as a move to ensure political stability to ensure, in turn, economic recovery. At the same time, however, the move may frighten away all the more local and foreign investors who, since the change of government, have been reluctant to expose themselves financially due to the lack of clear-cut government policies.

Last May 1, Aquino told labor that strikers defying return-to-work orders may not be replaced, that a simple majority vote instead of the previous [words indistinct] to call a strike, and that workers may strike without waiting for the mandatory 15-day cooling-off period if their union officers are fired or if the union's existence is threatened.

An official of the Philippine Chamber of Commerce and Industry (PCCI) recently warned that labor unrest must be licked as this is a stumbling block to economic recovery. However, it is now said that the business community hardly expected solutions such as those Aquino just announced.

Already, due to the previous "radical" pronouncements of Labor Minister Augusto Sanchez on profit sharing to benefit labor, businessmen have taken a wait-and-see attitude. Because of the Labor Day concessions, it is believed by some in the business community that the wait-and-see attitude will all the more be stuck to.

A European Chamber of Commerce of the Philippines official in the past said a strike which would paralyze delivery of basic goods and services to a community--no matter how legitimate the strikers' demands may be--must not be called. Aquino's Labor Day pronouncements do not appear to be consistent with this view.

Some in the business sector believe that with the "goodwill" enjoyed by the country in the international scene, the government would gain more by instilling discipline in the ranks of labor to raise productivity and translate into more goods and services exported to more foreign markets this "goodwill" it is now enjoying.

But with more strike actions now threatening business, investors would all the more be wary of risking capital in the still ailing economy of the country, they said.

"Are we for rehabilitating the economy as a whole or are we for merely making the poor just that little less poor? We must remember that without capital from investors, there won't be any place for labor in the first instance, let alone demands that may be made which investors can't meet," a businessman pointed out.

Another businessman, a Filipino-Chinese, noted that for the first time in his firm's 16 years of operation, his company is now being threatened by a strike. He said the cause is only one employee who is demanding as much as P10,000 in separation pay when legally, the employee is entitled to only P2,500.

The employee is boasting he will have the support of a lawyer provided by a "radically inclined" labor union in pressing his demand.

The businessman, however, is now thinking of just closing shop and transferring his business to China. He foresees that if an employee like this gets his way (the Filipino-Chinese have a special abhorrence of litigation), it will set a precedent which other employees can follow.

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PHILIPPINES

#### CURRENT UNEMPLOYMENT RATE PUT AT 12 PERCENT

HK060329 Manila MANILA BULLETIN in English 5 May 86 p 12

[Text] The unemployment rate for the Philippines based on a past week reference period last January is 12 percent or 2.61 million unemployed persons.

These figures, released by the National Census and Statistics Office, show an increase of .9 percentage points from the rate in October 1985 but a decrease of 1.6 percentage points in the same period last year.

Metro Manila recorded the highest unemployment rate among all regions at 24.1 percent or 673,000 unemployed persons.

Compared to a past quarter reference period, unemployment rates during the past quarter are much lower.

The substantial differences can be partly explained by the "instability, irregularity and seasonality" of some jobs which could not be accounted for by a short reference period as the "past week."

A "special release" in consonance with a statistical advisory board resolution of the National Economic and Development Authority (NEDA) also presented unemployment levels in 1985 based on a past quarter reference period.

The estimates are based on the results of five rounds of the Integrated Survey of Households which have been conducted in January, April, July and October 1985 and January 1986.

Unemployed persons include all those who, during the reference period, were 15 years old and over and are reported looking for jobs.

"The desire to work must be sincere and the person must be serious about working," the release said.

Also included are persons wanting full-time/part-time work but not looking for work because of the belief that no work is available or because of temporary illness, bad weather or other valid reasons.

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PHILIPPINES

'ECONOMIC INDICATOR' COMMENTS ON NET FOREIGN DEFICIT

HK070327 Quezon City BUSINESS DAY in English 6 May 86 p 2

["Economic Indicator" column: "Net Foreign Deficit Up 37 Percent in January"]

[Text] The net foreign assets of the monetary system--foreign assets less the foreign liabilities of the Central Bank [CB] and deposit money banks--showed a deficit of P125,184.8 million last January, data from the CB showed.

The deficit, which represented a 37.37 percent increase from the previous year's shortfall of P91,126.5 million, is so far the highest ever recorded. The monetary system's net foreign assets have been in deficit since February 1978.

The hefty increase in the CB's foreign liabilities was the main reason behind the rise in the overall deficit last January. These liabilities, which included foreign loans payable, currency deposits of foreign currency deposit units (FCDUS) and offshore bank units (OBUS), and CB certificates of indebtedness (CBCIS), grew 65.72 percent from P65,333.6 million to P108,268.9 million.

This negated the growth in the CB's foreign assets from P16,887 million to P18,390.6 million. The result was a bigger deficit of P89,878.3 million, 85.52 percent more than the P48,446.6 million shortfall in the same month the previous year.

With the bigger gap between its foreign liabilities and foreign assets, the CB accounted for 71.7 percent of the total deficit. Last year, it accounted for only 53.2 percent of the total. In contrast, the share of deposit money banks in the deficit declined from 46.8 percent to 28.3 percent.

Last January, the net foreign assets position of deposit money banks continued to improve. Although assets declined 4.73 percent from P42,848.0 million to P40,821.0 million, the deficit went down to P35,306.5 million from P42,679.9 million. This was due to the 10.99 percent drop in the banks' foreign liabilities from P85,527.9 million to P76,128.4 million.



Net Foreign Assets of the Monetary System  
January 1985 to January 1986  
(in million pesos)

|           | Total     | Net      | Central<br>Bank Assets | Liabilities |
|-----------|-----------|----------|------------------------|-------------|
| 1986      | 125,184.8 | 89,878.3 | 18,390.6               | 108,268.9   |
| 1985      |           |          |                        |             |
| January   | 91,126.5  | 48,446.6 | 16,887.0               | 65,333.6    |
| February  | 92,723.4  | 51,563.4 | 12,457.6               | 64,021.0    |
| March     | 98,034.6  | 54,705.7 | 10,985.9               | 65,691.6    |
| April     | 99,008.2  | 50,217.4 | 15,348.0               | 65,565.4    |
| May       | 96,866.4  | 48,467.5 | 17,698.1               | 66,165.6    |
| June      | 96,078.2  | 46,500.2 | 19,151.6               | 65,651.8    |
| July      | 97,317.0  | 50,725.5 | 19,164.9               | 69,890.4    |
| August    | 102,909.9 | 59,230.4 | 28,816.3               | 88,046.7    |
| September | 110,690.1 | 66,391.7 | 26,885.4               | 93,277.1    |
| October   | 116,648.0 | 78,337.2 | 23,039.9               | 101,377.1   |
| November  | 120,176.4 | 80,568.5 | 21,262.2               | 101,830.7   |
| December  | 121,663.9 | 84,416.1 | 20,163.5               | 104,579.6   |

|           |          | Deposit Money<br>Banks<br>Assets | Liabilities |
|-----------|----------|----------------------------------|-------------|
|           | Net      |                                  |             |
| 1986      | 35,306.5 | 40,821.9                         | 76,128.4    |
| 1985      |          |                                  |             |
| January   | 42,679.9 | 42,848.0                         | 85,527.9    |
| February  | 41,160.0 | 44,603.8                         | 85,763.8    |
| March     | 43,328.9 | 44,841.6                         | 88,170.5    |
| April     | 48,790.8 | 39,090.8                         | 87,881.6    |
| May       | 48,398.9 | 38,351.9                         | 86,750.8    |
| June      | 49,578.0 | 39,549.6                         | 89,127.6    |
| July      | 46,591.5 | 41,914.6                         | 88,506.1    |
| August    | 43,679.5 | 40,180.9                         | 83,860.4    |
| September | 44,298.4 | 37,521.3                         | 81,819.7    |

|          |          |          |          |
|----------|----------|----------|----------|
| October  | 38,310.8 | 38,780.7 | 77,091.5 |
| November | 39,607.9 | 37,842.2 | 77,450.1 |
| December | 37,247.8 | 41,819.2 | 79,067.0 |

Source: Central Bank

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CSO: 4200/999

PHILIPPINES

BRIEFS

**'CODDLING' OF COMMUNISTS CRITICIZED**--The Trade Union Congress of the Philippines [TUCP] accused the Aquino government of coddling communists who are actually undermining efforts to attain peace and progress. The accusation was made by TUCP President Renato Mendoza and TUCP Secretary General Ernesto Herrera. They warned that unless President Aquino takes decisive action, there may be a sudden reversal of the massive popular support her administration is presently enjoying. They said the communist in the Aquino government are utilizing workers' groups to profess support for her administration, while undermining her efforts by continuing to disrupt peace in pursuit of the endless class conflict. Mendoza and Herrera said their goal is to erode faith in democracy and freedom by discrediting noncommunists in the government. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 7 May 86 HK] /8918

**ANTIHOODLUM TEAMS REACTIVATED**--The western police district is set to reactivate antihoodlum teams to combat criminality in Manila. Newly-named superintendent Brigadier General Alfredo Lim recalled that the teams were very much effective during the pre-martial law days. Lim said there was a time when the police department earned the name Manila's finest. He said the teams will make the rounds of the city every day to try to flush out hoodlums and other criminal elements. [Text] [Quezon City DZFM Radio in English 2300 GMT 5 May 86 HK] /8918

**COMMERCIAL BANKS' ASSETS**--The aggregate assets of the country's 30 commercial banks stood at P276.7 billion as of last March, their combined deposits reached P132.9 billion, the Central Bank [CB] said yesterday. The CB said that all sectors of the industry, which included government, private and local branches of foreign banks, showed expansion in their assets. The bank's investment accounts, mainly in trading securities, rose by P5.5 billion, as loan portfolio dipped by P2.4 billion, indicating a shift in fund placement from lending to investment. All components of loan portfolio, except interbank call loans, contracted in March, with traditional loans and discounts declining by a substantial P3.4 billion. Operations for the month, which were concentrated principally in building up investments and paying off maturing obligations, were financed by additional deposits, loan collections, liquification of other assets and available stock of cash assets. Additional deposits, largely in the form of domestic savings and time accounts, accounted for 43.1 percent of total funds inflow. Collections from loans provided another 36.9 percent. [Text] [Manila PHILIPPINE DAILY INQUIRER in English 1 May 86 p 12 HK] /8918

**AGAINST RELAXING IMPORT PROGRAM FULLY**--Businessmen and consumers are against an IMF move to have the country relax its import program fully. Reports said they would prefer a staggered implementation of the liberalization program. Businessmen said the immediate implementation of the program would only subject local products to stiff competition from foreign goods. They said the government should first adopt adequate safety measures to protect local products. Some 1,000 items will face competition once the import liberalization scheme is implemented. [Text] [Quezon City DZFM Radio in English 2300 GMT 6 May 86 HK] /8918

**EMPLOYERS WARY OF NEW LABOR POLICIES**--Employers will meet tomorrow to discuss the labor policy as announced by President Aquino on Labor Day. The employers, members of the Employers' Confederation of the Philippines, said that they were disturbed by some of the policies. These include allowing a (simple) majority of workers to vote for a strike. The employers said they fear that the policies giving labor more clout can further destabilize labor-management relations. Labor Minister Augusto Sanchez however allayed management fears, clarifying President Aquino's intent. He also said the policies will require guidelines that will now have to be formulated. [Text] [Quezon City DZFM Radio in English 2300 GMT 2 May 86 HK] /8918

CSO: 4200/999

THAILAND

MALAYSIAN ARMY COMMANDER CALLS ON PREM

BK111448 Bangkok Domestic Service in Thai 1300 GMT 10 Apr 86

[Excerpts] At 1000 at Government House today, Army Chief of Staff General Chawalit Yongchaiyut accompanied Malaysian Army Commander General Datuk Mohamed Hashim Mohamed Ali and party, who are paying an official visit to Thailand as guests of the Thai Army, to pay a courtesy call on Prime Minister General Prem Tinsulanon. During the cordial and friendly call, the prime minister and the Malaysian Army commander exchanged views on Thai-Malaysian military cooperation, particularly along the common border, ASEAN cooperation, and the Southeast Asian situation in general.

In his position as Thai defense minister, General Prem presented the Malaysian Army commander with the Thai decoration Knight Grand Cross (First Class) of the Most Noble Order of the Thai Crown, which the king had given on 7 April in recognition of the Malaysian officer's contributions to the Thai Armed Forces and the strengthening of Thai-Malaysian relations.

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CSO: 4207/213

THAILAND

MILITARY SAYS SRV USING 'POISONOUS SUBSTANCE'

BK121022 Bangkok BANGKOK POST in English 12 Apr 86 pp 1, 2

[Text] Aranyaprathet--Thai authorities have recovered 1,300 Soviet-made booby traps, believed to have been planted by Vietnamese troops, along the Thai-Kampuchean border during a 3-day campaign, a senior police officer said yesterday.

Police Lieutenant Colonel Chairot Hunprakan, chief of a border patrol police unit in this key Thai border town, said one police officer and two villagers were wounded while trying to recover the traps, planted in a corn field about 200 metres inside Thai territory. The campaign ended yesterday, he added.

Most of the booby traps are wooden 4XB-inch (10x20 cm) rectangular types, which are difficult to detect, the officer said. He said trained dogs were used in searching for the traps.

Thai authorities have estimated that tens of thousands of traps have been planted by Vietnamese troops in attempts to prevent Kampucheans from fleeing to Thailand and to harass Thai soldiers.

Meanwhile, the Supreme Command yesterday reported that Hanoi's troops in January used a poisonous substance against resistance guerrillas in northwestern Kampuchea, killing one civilian and wounding three others.

The report said the Vietnamese gunners fired "poisonous smoke" shells at (KCHA) area in Siem Reap Province in an attempt to destroy guerrillas of the National Sihanoukist Army (ANS).

It said 300 Vietnamese soldiers from the 330th Division have been trained in chemical warfare at the Vietnamese headquarters of Front 479 in Siem Reap while chemical warfare experts have also been sent to several Vietnamese units.

It also reported heavy fighting between Khmer Rouge guerrillas and the Vietnamese in Pailin District of Battambang Province in western Kampuchea during last week. The Vietnamese casualties were 640 killed and 663 wounded, according to the report.

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CSO: 4200/968



THAILAND

INTERIOR MINISTER COMMENTS ON DEMONSTRATIONS

BK150738 Bangkok Domestic Service in Thai 0530 GMT 15 Apr 86

[Text] Interior Minister General Sitthi Chirarot has appealed to groups planning to organize anti-U.S. demonstrations to observe the limits of the law. He said past demonstrations, such as by delivery of protest notes, were orderly. He suggested that regarding the impact of the U.S. Farm Act, farmers should try to cut production costs such as by using more compost fertilizer and less machinery, while rice traders should work toward coexistence with others. Regarding the suggestion that Thailand stop narcotics suppression in retaliation against the United States, the interior minister said such retaliation is wrong because narcotics endangers everyone and suppression must continue in the interest of mankind as a whole.

Deputy Defense Minister Air Chief Marshal Phaniang Kantarat, commenting on a suggestion that Thailand use the war reserve stockpile project as a bargaining chip with the United States, said the project and U.S. trade protectionism are not related and therefore cannot be used as a bargaining tool. In the war reserve stockpile, we will have to buy weapons from the United States and store them for use when necessary. However, he assured that he will try to bring up U.S. trade protectionism when he negotiates with U.S. representatives on the war reserve stockpile project.

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CSO: 4207/213

THAILAND

MINISTERS AGREE TO SEEK COMPENSATION FROM U.S. ON FARM ACT

BK220049 Bangkok BANGKOK POST in English 22 Apr 86 p 1

[Text] The economic ministers yesterday agreed to ask the United States to compensate Thailand for damage caused by the Farm Act and to appeal to GATT members to influence the U.S. Congress to scrap the provisions which will be felt here.

Compensation, if agreed by Washington, would be used to finance a "rice bank" to be set up to buy rice and boost local paddy prices.

Commerce Minister Surat Osathanukho said the Foreign Ministry would be responsible in pushing for compensation talks with the United States.

The chief of the Foreign Ministry's Economics Department, Danai Dulalanpha, said the compensation must at least equal the value of exports Thailand would lose to the United States.

The moves, aimed at easing the impact of the Farm Act, were recommended in a Commerce Ministry report to the economic ministers yesterday.

The ministers felt that any compensation would be added to funds from domestic sources to set up the rice fund.

The Commerce Ministry suggested the government buy rice through the fund for distribution to poor people or to victims of natural disasters here and abroad.

It said the unfair U.S. competition against Thailand, coupled with the Farm Act, could be used as a reason to back the compensation call. The ministry said the United States had set a precedent by agreeing to pay about \$2 million compensation to Thailand for damage caused by its recent decision to cut the Thai export quota by the same figure.

The compensation demand would probably be heard in congress and would help Thai moves to persuade congressmen and senators in the 47 non-rice growing states to back the call for a Farm Act amendment, the ministry said.

The ministers also approved a Commerce Ministry proposal that Thailand appeal to General Agreement on Tariffs and Trade members to pressure the congress to scrap or amend the harmful provisions of the Farm Act.

The Foreign Ministry was told to use political and diplomatic tactics to bring about the change in the U.S. legislation.

GATT members from 96 countries, as well as U.S. congressmen and senators, must be told that Thai rice exports did not receive state subsidies.

The Commerce Ministry felt the most effective way to ease the impact of the Farm Act would be to amend the legislation and GATT members as well as the U.S. Congress must be made realise that Thailand was unfairly treated.

Mr Srao said the economic ministers also agreed the Commerce Ministry should find new rice markets. The ministry asked the Finance Ministry to arrange a 1-year credit for rice exporters sending rice to China. Beijing has agreed to buy 100,000 tons of low-grade rice for Third Countries.

Finance Minister Sommai Huntrakun said it was possible his ministry could arrange such credits for rice exporters.

However, he was sceptical about the rice bank project, saying it would be difficult to raise enough funds to finance operations.

"It would not be easy because the project would need a sizable budget," he said.

Mr Sommai dismissed suggestions his opposition to the rice bank could put him directly against the Social Action Party which is in control of the Commerce Ministry.

"The Finance Ministry is the only place which cannot be bought by anybody," he said.

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CSO: 4200/968

THAILAND

EDITORIAL VIEWS GOVERNMENT RESPONSE TO FARM ACT

BK210802 Bangkok MATICHON in Thai 17 Apr 86 p 6

[Editorial: "The Thai Characteristic of Not Wanting to Offend Others"]

[Text] Prime Minister General Prem Tinsulanon recently appealed that demonstration by students and workers against the U.S. Farm Act be nonviolent and nonaggressive. Some people feel that this appeal reflects the prime minister's tactic of "using calmness to quell aggressiveness and using silence to suppress undesirable activities," which the prime minister has used with some success in many past events. Basically, however, this tactic is not based on the Tao Doctrine or the (Sun Wu) War Manual but is probably an outgrowth of a belief that Thailand should not offend a great ally like the United States.

Government Spokesman Trairong Suwankhiri related the prime minister's words quite well, saying that the U.S. Government should be excluded from criticism over the Farm Act and that U.S. emblems, such as the U.S. flag, should not be the object of scorn. He said although the Farm Act has had a strong negative impact on Thai rice and farmers, our response should be of the type that is done to a friend in order to preserve long standing Thai-U.S. relations.

While the prime minister appealed for a calm and gentlemanly nature in protest to the United States, Social Action Party's Deputy Commerce Minister Amnuai Yotsuk likened Thai-U.S. relations concerning the Farm Act to the relationship between a lamb and a coyote. What the Thai Government and the prime minister in particular have to answer is who is the lamb and who is the coyote.

The coyote and the lamb have traded with each other under the label of free trade, with the coyote always having the upper strength, but basically the result of its ability to break the lamb's neck at anytime with its teeth. In normal trade practice, the coyote already enjoys advantages over the lamb; but with the aid of the Farm Act, the lamb could only die a pitiful death.

The sad thing is that while the lamb is being bitten cruelly, fellow lambs appeal to each other to ask tamely for the coyote to spare their lives. They prohibit themselves from joining together to fight against the coyote for fear of offending it.

It may appear that by avoiding offending the United States which has trampled Thailand underfoot by imposing various protectionist measures ranging from the Jenkins Bill, actions against Thai tuna exports, and finally the Farm Act without asking any question, Thailand is applying a tactic vis a vis the United States. But in fact such Thai action is based largely on the characteristic of not wanting to offend others. This is the characteristic of defeatism associated with people who have served for so long as lackeys of a superpower of the free world like the United States. This defeatist characteristic is what makes the United States regard Thailand without value.

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CSO: 4207/213

THAILAND

DEMOCRAT PARTY SUGGESTS WAYS TO SOLVE RICE ISSUE

BK201411 Bangkok MATICHON in Thai 18 Apr 86 p 16

[Text] Deputy Prime Minister Phichai Rattakun, in his capacity as leader of the Democrat Party, said that the U.S. rice price announcement on 12 April has had an adverse effect on Thai rice exports as well as on the economic and political stability of Thailand. The Democrat Party has monitored the situation closely, summarized the facts of the problems, and raised the issue for discussion at the meeting of the Council of Economic Ministers. The party, therefore, would like to suggest the following measures to help solve the problem:

1. Agencies of both the public and private sectors should join hands to explain to every American organization the economic and political effects the Farm Act will have on Thailand.
2. A public relations campaign should be launched to make the Americans aware of the burden they will have to shoulder because of their government's attempt to use their taxes to support only a few U.S. farmers while it will affect Thai farmers who make up the largest and the poorest group in Thailand.
3. Thailand should join with other agricultural exporting countries to fight against the Farm Act and, if necessary, come up with joint measures to boycott U.S. products.
4. Bring the U.S. Farm Act before the GATT meeting, in which it should be shown clearly that the Farm Act contravenes the GATT regulations because it provides direct subsidies and is a protectionist act.
5. Negotiate with the U.S. Department of Agriculture to allow Thailand to take part in the formulation of the U.S. rice price to the benefit of both sides.
6. Try to expand the market for Thai rice exports, regardless of differences in administrative ideology.
7. Improve our production efficiency to reduce production costs and diversify crop cultivation in order to meet with changes in the marketing structure. If necessary, make direct subsidies available to help boost the price paid to farmers for their paddy.



8. The government should promote cooperation between the private sector and farmers in the areas of production and marketing as a means to reduce risks and boost farmers' morale. In the long run, the government should promote the use of new technology in helping improve the quality of Thai agricultural products by granting tax privileges to those private sector businesses which have cooperated in this area.

Phichai said that under such circumstance, all parties concerned should make it their duty to join hands to help our country survive the crisis on the grounds that it is the right and duty of every Thai citizen to help solve the problems of our country, and not solely the duty of any particular organization or group.

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CSO: 4207/213

## PRICE DISADVANTAGE IN RICE TRADE WITH PRC

EK220055 Bangkok THE NATION in English 22 April 86 pp 1, 2

[Excerpt] The government, fearing that Thailand may have more problems in rice exports amidst the threat by the U.S. Farm Act, yesterday approved 1-year credit for half a million tons of rice to be sold to China, as the trade reported low price quotations. The credit is a surprise to traders as Thailand has always been selling the crop on cash terms.

Commerce Minister Surat Osathanukho, speaking after the meeting of the Council of Economic Ministers, said that the Finance Ministry and the Bank of Thailand had no objection to the 360-day credit sought by the Chinese for a new deal of 500,000 tons of 25 percent white rice. He said that exporters would be urged to participate in the deal.

Trade sources, however, warn that a deal of this nature can be a mixed blessing. In January, Thailand sold 100,000 tons to China under a bilateral protocol, with 180-day credit. At that time Thailand was expecting rice prices to fall, but in February they rose slightly, and China used 40,000 tons of the rice as part of a counter-trade deal with Peru, in exchange for mineral ore. In this way, the sources suggest, the sale to China deprived Thailand of a better deal with Peru.

A number of exporters asked yesterday why Thailand has to help China. China should be helping Thailand, they said.

Yesterday Surat also chaired a meeting of the Rice Policy Committee. He said the meeting approved a request from millers submitted last Friday for a temporary lifting of the 1.5 percent business tax. The proposal will be submitted to economic ministers next Monday.

Asked to comment on Thailand's ability to capitalize on U.S. problems in the Middle East, Surat said the Economic Cabinet urged that Thailand should sell rice in that region as quickly as possible. Last week, ministers approved the purchase of Iranian oil as part of a rice countertrade deal, he said, and he added that Brazil is negotiating the purchase of 400,000 tons from Thailand.

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CSO: 4200/968

THAILAND

PARLIAMENT PRESIDENT MEETS UK GROUP ON CAMBODIA

BK211447 Bangkok Television Service in Thai 1300 GMT 18 Apr 86

[Text] Sir Anthony Kershaw, chairman of the UK House of Commons Select Committee on Foreign Affairs, and his party, who are currently on a visit to Thailand and Southeast Asia, paid a courtesy call on Parliament President Dr Ukrit Mongkhonawin in a bid to strengthen the friendship of the parliaments of the two countries and to study the problems of the refugees and the Cambodian problem, gathering facts to be used in formulating British policy on this region. Here is the president of Parliament reporting on his conversation with the UK delegation on the Cambodian problem.

[Begin Ukrit recording] Chairman of the UK House of Commons Select Committee on Foreign Affairs Sir Anthony Kershaw and his party met with me today. The group will also meet with the Senate and House Committees on Foreign Affairs. Today, we focused our discussion on the withdrawal of Vietnamese troops from Cambodia, the problems of "Cambodian refugees, and illegal immigrants." The UK House of Commons delegation also visited Vietnam. They told us that Vietnam itself wished to see peace in Cambodia and in the region. We told the UK delegation that we wished that Vietnam would match its words with deeds. It is useless for Vietnam to say that it wants to see peace but to do nothing about withdrawing its soldiers from Cambodia and to leave Thailand to bear the burden of the refugees, amounting to as many as 200,000 at present. I assured the group that Thailand is always ready to cooperate to achieve peace and calm in the region through peaceful means. [end recording]

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CSO: 4207/213

THAILAND

UN ENVOY COMMENTS ON VOTE ON TERRORISM

BK260355 Bangkok BANGKOK POST in English 26 Apr 86 p 3

[Text] Thailand and the United States should work to minimize any possible damage resulting from the vote against the United States in the UN Security Council last week, according to the Thai Ambassador to the United Nations.

M.L. Phiraphong Kasensi said he hoped Thailand's vote condemning the U.S. air attack on Libya would not undermine the friendship between Bangkok and Washington.

The vote was not linked to the Farm Act, said the envoy, but he would not be surprised if some people thought otherwise.

While the Thai vote might have hurt the feelings of many Americans, he said, it came to nothing because the resolution was beaten by a three-nation veto.

The Farm Act, however, not only hurt Thai feelings but also the economic livelihood of the whole country, including 35 million farmers.

Had the Thai vote gone the other way, he said, there could have been problems among Thailand's 5 million Muslims and among ASEAN Muslim partners.

Thai credibility was at stake in casting the vote, he said. "We believe that if we are able to create our credibility, we will be in a much better position to help our friends, including in particular, the United States. Moreover, U.S. personnel and facilities in Thailand would also be better protected," M.L. Phiraphong said.

Asked if the vote was influenced by the presence of 30,000 Thai workers in Libya, the ambassador said it was the duty of governments to protect their citizens no matter where. But he doubted the workers would be harmed because they were law-abiding and peaceful people.

In a report to the Foreign Ministry, M.L. Phiraphong said he emphasized that Thailand condemned terrorism. The United Nations was actively occupied with the issue of terrorism and had gained some consensus. Although the road to further international cooperation may be long and arduous, it was more constructive and productive in the long-run. Thailand's action was a multilateral effort in line with the UN Charter and a unilateral action.

The envoy said Thailand supported in principle the right of self-defence. Although he did not state clearly that the [U.S.] action did not come really under self-defence, M.L. Phiraphong implied the attack was pre-emptive or punitive rather than defensive.

He said self-defence could also be distinguished from the right to protect nationals, which the United States has historically used on many occasions, especially in Latin America.

Moreover, he said, the Security Council had been shown no evidence of Libyan involvement in terrorism. Thailand had also never been shown any evidence or been consulted by the United States.

"As a small country, we have to base our position on principles and norms of international conduct," he said.

Thailand, he said, regarded the U.S. action in the Gulf of Sidra as self-defence. Thailand separated [the] most recent U.S. attack in Libya on 15 April from the Gulf of Sidra incident, although Libya and the Non-aligned Movement tried to blur the distinction.

"That was why we insisted on putting 'armed attack by the United States' in singular form in operative paragraph one of draft resolution. We also helped in amending the same paragraph of the draft resolution by deleting the word 'strongly.' We also tried but failed in getting the reference to the United States deleted from the text," M.L. Phiraphong said.

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CSO: 4200/968

THAILAND

PRASONG SUNSIRI ON FUTURE OF KHAO-I-DANG REFUGEES

BK200220 Bangkok BANGKOK POST in English 20 Apr 86 pp 1, 3

[Text] National Security Council [NSC] Chief Squadron Leader Prasong Sunsiri yesterday hinted that the Khao-I-Dang holding centre may be closed within the next 5 months if there was no improvement in the refugee resettlement rate.

In a telephone interview with the BANGKOK POST the NSC chief said that he raised Thailand's concern over Khao-I-Dang's low resettlement rate during a meeting with representatives of the U.S. Embassy and the UN High Commission for Refugees (UNHCR) on Friday.

He told the officials that the United States and other Third Countries had lowered their intake of refugees from the centre in recent years and Thailand was now concerned about the number of refugees who would eventually be left behind.

Squadron Leader Prasong said he has already sent a letter to the UNHCR urging the organisation to call a meeting of members to discuss the problem.

If no action was taken, the Thai Government would, within the next 4 to 5 months, conduct a survey of Khao-I-Dang to determine how many refugees did meet resettlement requirements.

Once the survey was complete, "they would be returned to their own people and we will pull out our forces" in Khao-I-Dang, Squadron Leader Prasong told the POST, adding that the refugees could be moved to Site Two.

The NSC chief noted that there were about 24,000 refugees in the holding centre and in areas around the camp.

There were indications that Third Countries would accept more than 2,000 this year, said squadron Leader Prasong, adding that he could see a declining trend in the number of refugees being resettled abroad.

"The Thai Government cannot allow them to stay here indefinitely" and efforts must be made to solve the problem, he said.

UNHCR officials could not be contacted for comment last night.



Asked to comment on press reports from Washington that a panel, led by former Iowa Governor Robert Day, has proposed that the United States make a fresh international approach to find solutions to longstaying Indochinese refugees, he said.

"If the United States acts according to the proposal, this could be one way of solving the problem."

The panel report, handed to U.S. Secretary of State George Shultz, suggested that the United States begin processing for resettlement refugees without family ties in the United States using length of stay as a primary criterion.

It also suggested that Washington lead other countries in "sharing" the remaining refugee populations, offering, in appropriate cases, more Third Country resettlement in exchange for local settlement.

Refugee sources told the POST Yesterday that the report submitted to Mr Shultz was not a "radical change" from the U.S. Government's present policy.

The report was "an endorsement" of what has already been carried out over the past several years, they said.

The sources admitted that there were "some modifications," namely the suggestion that longstaying refugees without family ties be resettled in the United States.

"But there is no change in the overall commitment in solving the refugee problem, which is a result of Vietnamese policy," the sources said.

The panel was set up in September to review the U.S.-Indochinese refugee programme and its report does carry some weight.

The U.S. State Department still has to consider the report and make a decision on the suggestions.

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CSO: 4200/968

THAILAND

GOVERNOR ON NEW PATTANI MUSLIM SEPARATIST FACTION

BK210145 Bangkok THE NATION in English 21 Apr 86 p 3

[Text] Pattani—A newly-formed Muslim separatist movement in the five southernmost provinces has about 170 insurgents who have been trained in foreign countries, the provincial governor said.

Wirot Ratchalak told THE NATION recently the newly-established BMPP [Barisan Nasional Pembebasan Patani—Pattani National Liberation Front] movement emerged from two major Muslim separatist movements, the Pattani United Liberation Organization (PULO) and the Barisan Nasional Rakyat (BRN), early this year because of internal conflicts.

He said two groups of about 170 new BMPP recruits had earlier been sent abroad to be trained in guerrilla tactics and subversion.

Many of the BMPP members were recruited from military reservists, said Wirot. However, the BMPP leadership has never been revealed, he added.

Wirot said the new movement announced its establishment in leaflets, which were distributed in several rubber plantations and mines in the South.

He also reported a clash between insurgents of the BMPP and the PULO in Bannang Sata District of Yala early this month. He said the clash stemmed from conflicts over their interests in the area.

He said the BMPP was trying to persuade members of the PULO and the BRN to join the new movement which has not been accepted by the two major Muslim terrorist movements in the South.

Wirot said the BMPP has declared that Pattani is the centre of the southern Muslim separatist movements, and its insurgents have been operating frequently in Waeng and Sukhirin Districts of Narathiwat.

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CSO: 4200/968

THAILAND

BRIEFS

**JAPANESE TELEVISION ASSISTANCE**--Thailand has signed a memorandum of understanding on preliminary financial support with the Japanese Government for a \$100 million grant to set up a television broadcasting station for the Public Relations Department Channel 11. The memorandum was signed in Bangkok between the Public Relations Department authorities and the delegation of the Japanese International Cooperation Agency. The grant will cover construction cost, transmission facilities, master control, production, news and dubbing studios, and the mobile broadcasting unit. Construction will be supervised by Japanese technicians, and the facilities should be completed within 1 year. The station will enable Channel 11 to broadcast directly to 50 provinces and nationwide via Public Relations Department relay stations. Channel 11 will mainly broadcast government news, education program, and only 10 percent of its broadcast will be devoted to entertainment. [Text] [Bangkok Domestic Service in English 0000 GMT 11 Apr 86 BK] /12232

**ACADEMIC EXCHANGE WITH SRV**--Thailand and Vietnam have agreed to an academic exchange, government sources said. The sources said the agreement came during a recent meeting between Nguyen Dinh Thu, Vietnam's university affairs minister, and his Thai counterpart Dr Prida Phatthanathabut. Thu also invited Dr Pride to visit Hanoi, which he accepted. He plans to visit Hanoi at the middle of next year. [Text] [Bangkok THE NATION in English 7 Apr 86 p 5 BK] /12232

**MILITARY OFFICIALS DISCUSS BORDER**--Thai and Malaysian military officials met yesterday to assess the last joint military operation against communist guerrillas along the Thai-Malaysian border. The meeting was held in Ipoh, in Malaysia. Leading the Thai delegation to the meeting was Commander of the Fourth Army Region Lieutenant General Wanchai Chitchamnong. He said plans for the two countries' military cooperation in suppressing communist insurgents in the next 6 months were also included in yesterday's meeting. Lt Gen Wanchai also said apart from the joint military operations, the two neighboring countries also discussed measures in crushing terrorists and smugglers operating along the 600-km border forests. [Text] [Bangkok Domestic Service in English 0000 GMT 24 Apr 86 BK] /12232

**RETAIL OIL PRICES CUT**--Domestic prices of all categories of oil, with exception of liquefied petroleum gas and kerosene, will be reduced effective from 29 April. Minister attached to the Prime Minister's Office Suli Mahasanthana, who is in charge of the government's energy policy, said retail prices for super

and regular benzine will be dropped to 9.50 baht and 8.80 baht per liter respectively. High speed diesel will come down to 6.50 baht per liter, while low speed diesel will cost 6.30 baht. He said the price for the 1,500-gal tanker oil will be 3.30 baht per liter. Mr Suli said these oil price reduction will take place only in Bangkok. As for the provinces the Commerce Minister has been assigned to work out the (effective) prices, which will include transportation cost. He added that the oil price cut can be made because the old oil stock bought when the prices were higher would soon run out. The government's last oil price cuts were made in late February. [Text] [Bangkok Domestic Service in English 0000 GMT 24 Apr 86 BK] /12232

**PULO OFFICE IN DAMASCUS**--The Pattani United Liberation Organisation (PULO) has set up its head office in the Syrian capital of Damascus to pursue its political goal in south Thailand, the Supreme Command headquarters said yesterday. However, according to Group Captain Charan Patthamasang, the separatist movement was expected to set priorities for their activities in settling the national problems. Militarily, the organisation was expected to continue expanding its influence into areas formerly dominated by the Communist Party of Malaysia, he quoted a report by the Malaysian Border Security Office as saying. It is understood that some of the terrorists belonging to separatist movements in the south have been trained in Libya, Group Capt Charan said. [Text] [Bangkok BANGKOK POST in English 25 Apr 86 p 1 BK] /12232

**AMBASSADORS PRESENT CREDENTIALS**--On 10 April his majesty the King separately received credentials from Carlos Reparaz, the Spanish ambassador; Mariano Seyfarth, the GDR ambassador with residence in Kuala Lumpur; Jesus Coronado Garcia, the Venezuelan ambassador with residence in Jakarta; and Cour de Saris, the ambassador of Malta with residence in Verona, Italy. [Summa. [Bangkok Domestic Service in Thai 1300 GMT 10 Apr 86 BK] 2.2

**OUTGOING NEPALESE AMBASSADOR**--On 10 April his majesty the king received Gyanendra Prasad Pandey and his wife, who took leave of the king on completion of the ambassador's assignment in Thailand. [Excerpt] [Bangkok Domestic Service in Thai 1300 GMT 10 Apr 86 BK] /12712

**KING'S GREETINGS TO DK**--Today, 17 April, is the national day of Democratic Kampuchea. His majesty the king has sent the following telegram of greetings to the president of Democratic Kampuchea: On the occasion of the national day of Cambodia, I convey greetings and good wishes for your good health and the happiness and prosperity of the Cambodian people. [Text] [Bangkok Domestic Service in Thai 1300 GMT 17 Apr 86 BK] /12712

**ARMS CACHE SEIZED**--The Zone 3 border patrol police seized a number of military weapons and explosives along the Thai-Cambodian border in Ban Kruat District of Buriram Province on 22 April. The arms cache, believed to belong to foreign forces, includes 8 AK and SKS submachine guns, RPG rockets, 296 60-mm mortar shells, 6 antitank mines, 39 sets of M-24 antipersonnel mines, a large quantity of AK 47 ammunition, and various kinds of explosives. The arms cache was discovered at an area south of Ban Sai Tho, Tambon Sai Taku, Ban Kruat District of Buriram Province. [Text] [Bangkok Television Service in Thai 1300 GMT 24 Apr 86 BK] /12712

BOMB HOAX AT PRC EMBASSY--It is reported that on 18 April there was also a bomb threat at the PRC Embassy in Thailand. According to the Special Branch Division, the PRC Embassy confirmed that it had received a bomb threat phone call, but the embassy staff did not report it to the police because they believed that it was the work of some mentally ill persons. It also reported that the three Libyans who had arrived here the night of 17 April were still staying at a hotel on Sukhumvit Road. However, intelligence authorities have kept a close watch on them. [Text] [Bangkok MATICHON in Thai 19 Apr 86 p 16 BK] /12712

CSO: 4207/213

MILITARY AFFAIRS AND PUBLIC SECURITY

VIETNAM

BRIEFS

4TH PRECINCT EDUCATES DELINQUENT YOUTH--After 5 months of controlling and educating delinquent youths in 17 subprecincts, the Delinquent Youth Guidance, Control and Education Committee in the 4th Precinct summarized the work. There are 2,385 undisciplined youths in the 4th Precinct. The most prevalent manifestations are swearing and playing bourgeois music. Of these, 378 are delinquents who frequently engage in evil activities such as theft, robbery, drinking and smoking. In most cases, the parents are busy working and have little time to look after or educate their children. There are 87 families that beat their children cruelly. Such behavior pushes children into delinquency and crime. The neighborhood team control committee, the street public security forces, the Youth Union and the families are monitoring, controlling and helping the youths. Besides organizing evening classes and recreational activities at the assembly points, the local authorities in the 1st, 4th and 8th subprecincts have created suitable jobs or organized vocationally oriented labor for the youths. The educational activities carried on in the 8th Subprecinct have spread to all 17 subprecincts. Many parents and youths have made good changes. Some youths have been recruited into the Union and Unit, and some have registered to join the Assault Youth. Many youths have given up their vices and are attending the evening classes and participating in the activities at the youth centers. [Text] [Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 22 Jan 86 p 1] 11943

CSO: 4209/437



ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

HO CHI MINH CITY STIPULATES ECONOMIC MEASURES

Hanoi NHAN DAN in Vietnamese 8 Mar 86 pp 1, 4

[Article by Nguyen Kien Phuoc: "Ho Chi Minh City CPV Committee Stipulates Urgent Measures To Implement the Resolution of the 8th Plenum Correctly"]

[Text] Eight measures to ensure that industrial production expands rapidly and steadily. Strengthen socialist commerce so it has the capacity to maintain wholesale and retail sale of necessities. Continue to improve public-private industry and commerce and market management and punish the professional speculators and smugglers. Gradually stabilize price controls to support production and daily life. Guarantee the real wages of the cadres, workers, civil servants and armed forces. Actively mobilize the people's spare capital.

During the first week of March, the Ho Chi Minh City CPV Committee met to discuss urgent measures to implement the resolution of the 8th Plenum of the CPV Central Committee in the city's specific socio-economic conditions.

In industrial production, providing enough materials and raw materials to enable the state enterprises to produce consumer and export goods is the most important task today. The materials in the storehouses must be controlled, mobilized and used effectively. The enterprises must examine matters and carefully calculate production capabilities in order to make the most effective use of the equipment. The machinery and equipment that is not used must be sold to the small industry and handicrafts sector. Materials, raw materials and parts in short supply will be imported immediately. The installations that produce export goods have been given permission to import raw materials in order to increase the volume of production. The machine tool and equipment manufacturing sector has been given production targets to support the consumer and export goods production sectors in the state and small industry and handicrafts sectors. Plans have been made to reorganize the materials sector based on having the state deal in materials by signing economic contracts directly with the production installations. A spirit of collective responsibility must be manifested in balancing materials at the echelons. An effort must be made to utilize 70 percent of the equipment capacity in the consumer and export goods production sectors.

In order to strengthen the materials and equipment elements (there are specific lists), the city is conducting pilot projects to mobilize capital from Vietnamese living abroad. This is being done using various forms.

The central and local industrial sectors must implement unified control procedures based on the economic-technical sector, actively expand joint business activities with the aim of exploiting production capabilities as much as possible, study the experiences in controlling and organizing production, and quickly make preparations to implement the program of making clothes, hats and shoes on contract and to implement a number of other programs.

There must be correct and suitable measures and policies for the small industry and handicrafts sectors in order to mobilize capital from the people to expand the production of consumer and export goods. A number of specific policies must be supplemented to ensure the successful implementation of the resolution of the Municipal People's Committee on expanding cottage industries and handicrafts production and production in secondary family occupations.

Decentralization must be carried on, and the wards and districts must be given help and guidance in expanding the industrial repair services and the production of parts for machinery to support agriculture and agro-forestry-fishing processing and means of transportation. Tests must be conducted in expanding repair and building services in the wards and districts.

In communications and transportation, guidance must continue to be given in setting correct rates and reducing transportation charges. The production and repair of various means of transportation must be organized quickly in a satisfactory way. The capacity of the various means of transportation must be exploited. There must be two-way transportation, and the transport of commodities and materials from the center to the cities and from the cities to the center must be kept on schedule.

With a spirit of the center and the localities working together to restore the generators at the production installations, the Cho Quan power plant must be put into operation to support production.

On the distribution and circulation front, the immediate task is to strengthen socialist commerce so that it is able to maintain wholesale and retail sales of necessities. The concept of providing support must be improved. Running after profits and taking advantage of price differences must be eliminated. Favorable conditions must be created for expanding cooperative commerce. The state's measures to unify control over a number of goods necessary to support life and first-rate electrical machinery and to prevent private individuals from trading in the goods must be implemented. The commerce sector must establish commodity funds to support life to facilitate circulation and have reserves. An effort must be made to import a number of raw materials to support the production of consumer goods and a number of staple commodities to contribute to balancing capital-commodities in the city and to provide jobs for laborers and accumulate money for the budget.

As for improving and managing the markets, preliminary summaries of transitional economic forms in industry and commerce must be made, and

examples from the grain sector must be disseminated to the other sectors, from the wholesale to the retail sectors. Markets and other places with the necessary conditions must be converted into market corporations (like the Binh Tay integrated commercial corporation). The open-air markets must be limited gradually, and the used goods marketing network must be expanded. Professional speculators and smugglers must be classified and punished. The business activities of agencies and mass organizations without commercial functions must be curtailed.

There is disorder concerning prices in buying and selling and shipping and receiving among the state-operated and industrial production units and the commercial units. This must be overcome. In the small industry and handicrafts production sector, goods must be purchased at the prices agreed on based on production costs and a rational profit. The price of agricultural products must be based on the guided price if there are convection goods. If there are no convection goods, prices can be flexible if they are in accord with the prices agreed on. An effort must be made to sell goods at prices that will ensure sufficient business. Prices must be based on flexible commercial business prices. Setting and controlling prices must be decentralized. The Municipal People's Committee will give guidance on approved prices for goods for which the city is responsible for setting prices. For example, price guidelines will be stipulated for a number of agricultural and marine products, export foodstuffs and domestic consumer goods. Enterprise wholesale prices will be set for essential materials balanced by the center and the city. For small industry and handicrafts goods managed by the production installations, the city will stipulate approved prices for a number of important goods. It will also set wholesale prices on materials imported by the city, retail prices on essential imports and prices on goods produced by the city for level 2 and 3. The city will concretize the guided prices of the central echelon in order to set import-export prices based on the commodity group.

In order to implement correctly the resolution of the 8th Plenum of the Party Central Committee and Resolution 28 of the Political Bureau, the Ho Chi Minh City CPV Committee is giving much attention to measures aimed at maintaining the real wages of workers, civil servants and armed forces. Subsidy and assistance measures must be implemented, and attention must be given to the standard of living of teachers. Price compensation must be provided in a timely manner. Staffs must be cut back. The administrative organizations in charge of production work must be encouraged to become self-sufficient, and the production enterprises must be encouraged to help the administrative organizations by doing work on contract or guiding secondary production. Raising livestock and doing work on contract must continue to be organized in the families of the cadres and workers. The wage fund contracts of the administrative organizations must be fulfilled, and unreasonable salaries must be adjusted. The corporations and enterprises must be classified quickly in order to have appropriate salary levels. All the production and business enterprises and units must pay the contract and piecework wages and give bonuses based on work results.

As for financial and monetary affairs, the spare capital of the people must be mobilized, and the value of the dong must be maintained. Business enterprise

rice must be used as a guaranteed commodity. The production and business units will be given permission to mobilize capital among the cadres, workers, civil servants and cooperative members based on stipulated interest rates (there is a specific policy on this). The use of various types of checks must be expanded, and an effort must be made to balance budget revenues and expenditures, with revenues determining expenditures. Capital construction expenditures paid for from the budget must be reduced. All the money owed must be collected based on the procedures. This money must be collected actively with respect to private businessmen who sell goods at excessively high prices. Guidance must be given in reducing production and circulation costs. Unreasonable costs, costs not in accord with regulations and indirect costs must be eliminated immediately. Units with revenues must use economic accounting. During the first phase, which runs from now until the end of June 1986, an effort must be made to reduce staffs and switch a suitable percentage of the indirect staff members to the production, business and service sectors.

The Municipal People's Committee will promulgate a number of specific positions and policies.

11943

CSO: 4209/434



ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

EDITORIAL DISCUSSES NEED TO ECONOMIZE

Hanoi NHAN DAN in Vietnamese 8 Mar 86 pp 1, 4

[Editorial: "Practice Frugality"]

[Text] During the initial stage of the transitional period, we must resolve correctly the relationship between accumulation and consumption. We must maintain the standard of living, strengthen national defense and security and build the material and technical base of socialism. In order to satisfy these requirements, the basic path is to step up production, increase labor productivity continuously and practice frugality.

Economizing is not a temporary policy that is to be implemented when social life encounters difficulties. This is an important and long-term policy of every country that is building socialism. President Ho Chi Minh always taught the party and people to be "frugal and honest." The resolution of the 5th Party Congress clearly states: "Economize in all spheres: capital construction, production, life, national defense, security and administration. Economize in every aspect: capital, materials, energy, raw materials, equipment and machinery, consumer goods, time and labor forces. Economize in social and individual consumption and in state, collective and individual expenditures."

Today, the people's standard of living is still low and many aspects of the country's economy are still unbalanced. But waste is still widespread. Excessive consumption, or consumption that exceeds the limits permitted by production, is still a problem. We must understand this situation clearly and implement effective measures to overcome this. We cannot remain indifferent to waste or excessive spending in the national budget or by the laboring people.

Our financial control principle is: based on expanding production and improving control, strive to reduce production costs and waste in circulation, maintain and mobilize income sources for the state budget, keep spending within the limits of revenues, actively increase revenues in order to provide money for spending, estimate revenues available for spending and spend only when there are revenues. The great Lenin said that "if our financial policy fails, all of our other reforms will fail, too."

Facing great financial and monetary difficulties, such as the difficulties in implementing the resolution of the 8th Plenum of the Party Central Committee and Resolution 28 of the Political Bureau, we must implement special, urgent and resolute measures in order to strive to balance the budget, stabilize national finances and maintain the value of the dong. The resolution of the 8th Plenum of the Party Central Committee clearly states that "drastic cuts must be made in expenditures, and expenditure measures in accord with the country's financial capabilities must be implemented."

Along with active measures to generate revenues quickly and increase revenues for the central and local budgets in the national economy and the collective and individual economies, very strict measures must be implemented in order to reduce budget expenditures. The various stipulations of the financial organizations have been proven to be less effective than economic accounting and socialist business enterprise based on the spirit of the resolution of the 8th Plenum. It is more effective to revise and supplement the system of financial decentralization, ensure the autonomy of the installations in production and business and elevate the concept of responsibility and spirit of self-reliance of the localities in order to encourage them to reduce production expenses, improve quality, achieve greater results and earn greater revenues for the state budget.

Capital construction accounts for a major share of state budget expenditures. This sphere has many possibilities for actively opposing waste. Non-essential projects can be eliminated or postponed, and notable reductions in capital construction investments can be made at the central and local echelons. But we must continue to invest actively in important projects or in small projects that can quickly begin producing essential goods. Every problem depends on the economic results.

Our production and administrative control apparatus is too cumbersome. There are too many echelons, elements and middlemen, labor productivity is low and the apparatus is ineffective. But it still accounts for a major share of budget expenditures. Urgent steps must be taken to rearrange and simplify the control organizations of the state, party and mass organizations from the central echelon to the localities and reduce administrative staffs in order to turn them into essential production, business and service sectors with suitable policies. This is a difficult and complex task that has been put forth many times but that has never been carried out well. This time, this must be carried out actively, and practical results must be achieved.

The foreign currency expense items must be checked carefully. Expenses incurred in welcoming visitors from elsewhere in the country and from abroad must be reduced greatly, and expenditures of an ostentatious and wasteful nature must be eliminated. The people do not approve of and the laws do not permit actions that violate the financial measures of the state, expenditures that violate the principles and procedures, the establishment of illegal funds, the arbitrary implementation of a system of excessive bonuses and rewards or the use of illegal sources of revenues. Social opinion has condemned a number of echelons, sectors, units and agencies that have used foreign currency to import many luxury consumer goods for "internal distribution," or for sale to a few people at low prices. People have taken



advantage of their position and used social property for their own objectives and profited from the labor of other people, not their own labor.

We must economize in all spheres and in all places. We must endure the difficulties in order to build and defend our socialist fatherland and fulfill our international obligations. The party and mass organizations must control economizing in production and consumption, create a new understanding, a new social psychology and a new labor productivity emulation movement, practice frugality, contribute to stabilizing the socio-economic situation and implement the resolution of the 8th Plenum correctly.

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CSO: 4209/434

## AGRICULTURE

## VIETNAM

## BRIEFS

PEAT IN CU CHI--Cu Chi District has found many sources of peat. Reserves are estimated at approximately 1.4 million tons. Cu Chi is now coordinating things with the Southern Integrated Survey Group to exploit a 23-hectare peat source in Tan An Hoi Village, which is near Thay Cai. More than 20 tons of good-quality peat has been extracted from this site. It can be used in cooking after it is washed and dried. Cu Chi plans to join with the Municipal Fuel Corporation in establishing a peat processing installation in order to satisfy the fuel needs of the people in the district and city. [Text] [Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 24 Jan 86 p 1] 11943

CSO: 4209/437

## HEAVY INDUSTRY AND CONSTRUCTION

VIETNAM

## PROGRESS ON CONSTRUCTION OF LANDLINE FROM THU DUC TO CAN THO

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 21 Jan 86 p 3

[Article by Pham Nghi: "Another Important Project for the Electrical Network in the South"]

[Excerpt] Many people say that the 230-kilovolt landline from Thu Duc to Can Tho will be the "backbone of the southern electrical network." That is not an exaggeration. When it is completed, this landline will bring electricity from the east (Da Nhim, Tri An, Thu Duc) to the Mekong Delta. At the end of this landline is the 100 megavolt-ampere 230/115/66 kilovolt Tra Noc transformer station, with 110 kilovolt landlines to Soc Trang, Minh Hai, Long Xuyen, Chau Doc, My Thuan and Hong Ngu.

The landline, which is 181 km long, runs through Hau Giang, Dong Thap, Cuu Long, Tien Giang and Long An provinces and Ho Chi Minh City. It runs through many different types of terrain, running mainly through swamplands and fruit orchards. It is far from the communications and transportation routes. In particular, this landline crosses four large rivers: the Vam Co Dong, Vam Co Tay, Tien and Hau rivers. Where it crosses the Tien River, pillars 88 meters tall have had to be built in order to carry six lines across the river. At the Hau River, which is more than 1,000 meters wide, the pillars are more than 135 meters tall.

In building this landline, 370 steel-plated pillars have been used, including 2,000 tons of equipment and more than 200,000 parts. Twelve-thousand cubic meters of concrete have been poured to form the foundations for the pillars. More than 4,000 cubic meters of cement and 2,500 tons of iron and steel have been used. More than 1,400 tons of carrier line and lightning arresters and up to 100 tons of porcelain fixtures have been used. About 70,000 tons of earth have been excavated to dig the foundations, and tens of thousands of cubic meters of earth and rock have been used to build the road surfaces and temporary roads. The area cleared totals tens of millions of square meters.

The landline has been constructed in three phases: from Tan Hiep in Tien Giang Province to Vinh Long (completed on 2 September 1982); from Thu Duc to Tan Hiep (completed on 22 December 1984); and from Vinh Long to Can Tho. Construction has taken 7 years. Almost all the electrical network construction and installation units of the Landline Construction and Installation

Corporation and Station 2, Ministry of Power, have worked very hard both mentally and physically. Since 1983, just these two units have been responsible for construction. They have resolutely overcome the difficulties and completed their tasks. In building this project, the cadres and workers have made many major innovations and made tens of millions of dong for the state. The most noteworthy were the suggestions to modify the foundation structure in the original design and drive poles using existing means (instead of having to import special equipment) in narrow areas. Dry season construction operations were organized in order to make preparations to carry on construction during the rainy season. Poles were erected using "pick" cranes. It was not necessary to use pontoon bridges to carry the lines across the Hau River. Instead, the lines were carried by machine.

During construction, higher echelons made proposals to the corporation, and the Council of State awarded the corporation the Labor Order third class and second class. Besides that, Electrical Network Construction and Installation Unit 2 matured and scored outstanding achievements and was awarded the Labor Order third class.

At the end of 1985, when the final section of the 230-kilovolt Thu Duc-Can Tho landline was completed, many people happily made preparations for the day that Da Nhim electricity would flow straight to Tra Noc in Can Tho. However, in order to put this new landline into operation, the electrical construction sector must first complete and test operate the Tra Noc transformer station, whose task is to transform 230 kilovolt electricity into 115 and 66 kilovolt electricity. At the same time, construction on a secondary landline, referred to as the "exit path," must be completed at the Thu Duc station.

The units responsible for constructing and installing the stations and landline are now working hard to complete the work. The wonderful memory of the operation to extend the landline across the Tien River is still fresh in their minds: 66 steel poles with a diameter of 500 mm were driven 24 meters into the ground depending on the slope. Two pillars, each 88 meters tall and weighing almost 50 tons were erected to carry six power lines across the river to a point near the bustling My Thuan ferry landing. Tens of thousands of cubic meters of sand were poured and the pillars were set in 500 cubic meters of concrete. The operation to "cross the Hau River" was filled with excitement and ingenuity and bore the heroic character of a brave people. Three large lines, 135 meters high, were extended across the river, which is 1,000 meters wide. In just 7 days, using simple techniques and lacking special equipment, the electrical construction workers completed the operation successfully.

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CSO: 4209/437

## TEACHER NONCOMPLIANCE WITH BIRTH CONTROL DECRIED

Hanoi NHAN DAN in Vietnamese 10 Mar 86 p 2

[Article by Phuong Oanh, teacher, Ngo Quyen Ward, Haiphong: "Uncontrolled Births"]

[Text] Our school has nearly 100 teachers--more than 70 percent of whom are women--in charge of 35 classes. Birth control proselytization has been given too much rope. The subward public health station only supplies contraceptive devices for subsequent distribution by the school trade union unit. Once in a while, the station organized a brief campaign to place IUD's, without paying attention to individual situations and health conditions, scaring women away in the process. Many female teachers have complied with the family planning policy by prolonging the period between two pregnancies and giving birth to only one or two children, but their effort has received no encouragement from school and public health officials. Multiparous women are ignored; worse yet, some continue to be named emulation combatants and frontrank laborers. In the past few years, while the Haiphong educational sector and other sectors were striving to reduce the birth rate to below 1.65 percent, many women at our school have given birth to their third, or fourth child. It is hard for the board of directors to find substitutes since a 6-month maternity leave in the educational sector may spoil an entire academic year. Following the Tet festival, when students of more than 10 terminal classes were preparing to cram for their graduation exams, nearly 10 female teachers had to stay home for child deliveries, curettage, and sick babies. Failure to fill these vacancies has forced the school to trim many courses.

9213/12859

CSO: 4209/435

## HUONG DIEN'S EXPERIENCE IN NEZ BUILDING DESCRIBED

Hanoi NHAN DAN in Vietnamese 10 Mar 86 p 2

[Article by Anh Trang: "How Do Huong Dien People Build New Economic Zones?"]

[Text] Like other districts in Binh Tri Thien Province, Huong Dien has little land but many inhabitants, with an irrational distribution pattern. The hilly region, which accounts for nearly two-thirds of provincial land, has only 5.3 percent of people, 94.7 percent of whom, by contrast, crowd into the delta, which occupies just over one-third of the province. Population density averages 720 inhabitants per square km in the delta--tens of times greater than that in the hilly region, where many kinds of soil are suitable to afforestation, cash-crop and grain cultivation and animal husbandry.

Huong Dien has vigorously stimulated the people to build NEZ's under different forms--state-run (with laborers joining state farms with their families); collective (as production collectives and cooperatives); and individual (with departing families picking up the entire tab, minus state-supplied transportation facilities). As a result, in the past 10 years Huong Dien has sent 11,471 households of 51,310 persons--equal to the population of 9 villages--including 23,513 laborers, to NEZ's in the province and local districts, and in other provinces. The O O and Hoa My NEZ's and 10 new economic centers in the district hilly region have attracted more than 2,500 laborers. Three new economic villages in the province have given shelter to 2,721 households of 12,521 persons, including 5,615 laborers. Huong Dien's NEZ's in Dac Lac, Gia Lai-Kontum, Thuan Hai and Song Be, and its state farms on the Central Highlands have drawn 6,250 households of 26,469 persons, including 12,808 laborers. Departees from Huong Dien have erected six new villages, mixed up with local inhabitants in seven villages and supplied manpower to five state farms. In general, in all Huong Dien NEZ's living standards are moderately good. That explains why in the last 5 years, the number of Huong Dien people volunteering for NEZ building has steadily gone up, averaging 4,276 per year--almost equal to the population of a village. By observing birth control and stimulating people to go to NEZ's, Huong Dien has successfully reduced its population from over 197,000 persons (1977) to 193,000 (1983) and 192,000 (1985). Huong Dien is the leader in Binh Tri Thien Province in transferring laborers and people to NEZ's.

Nguyen Du Dao, district people's committee chairman, cited four main experiences, as follows:



First, preparatory work is important. During the initial years of the NEZ movement, due to a lack of careful exploration, people were sent to unsuitable new land--just forestland, devoid of water sources and roads for commodity transportation, causing migrants to leave for other places, or for home. In recent years, however, Huong Dien has paid attention to preparatory work. Its leading officials went up to host districts to strengthen brotherhood ties, hold tangible discussions, conduct surveys, and make plans for future NEZ's; and, ever since, virtually no migrants have quit. For Huong Dien, good preparatory work with favorable effects on production, livelihood, and communications, is tantamount to a half-success.

Second, laborers were the first to go. When a site was ready, Huong Dien sent there an advance contingent of laborers to build initial material-technical bases, erecting houses, arranging gardens, digging wells, building roads, schools, infirmaries, and stores, and opening virgin land, thus creating conditions for future arrivals to promptly take up production in keeping with schedules. Huong Dien has set up a laborer battalion specializing in building material-technical bases for NEZ's.

Guided by independent economic accounting, the laborer battalion signed contracts with NEZ construction committees to build material-technical bases. In 1985, with more than 200 laborers it built at the E-alu NEZ, in Krong A-na District (Dac Lac), a 10-bed public health station, 4 classrooms, 298 square meters of houses for teachers and the capital construction committee, and 184 houses for migrants; created 8 hectares of garden; dug 9 wells; built 8 bridges, 25 km of roads, and 2 water conservancy projects; and reclaimed more than 70 hectares of land for cultivation. The battalion also raised 16 pigs and 180 ducks; sowed and transplanted tens of hectares of rice; and planted 32 hectares of peanuts and beans. This has enabled the battalion, not only to fill its own needs, but also to make temporary grain loans to newcomers.

Third, the "spreading oil spot" motto was put into practice. During the initial years, Huong Dien sent migrants to tens of NEZ's scattered throughout Bing Tri Thien and other provinces. A lack of district cadres for leadership and guidance confronted migrants with many difficulties. Recently, the district switched to the "spreading oil spot" tactic, sending resettlers to existing NEZ's only. New arrivals were assisted by those preceding them in promptly stabilizing production and livelihood. To the Tam Giang new economic center in Krong Buc District (Dac Lac) two new centers were added--Tam Giang II and Tam Giang III. Initially, the Eahu new economic center (Dac Lac) had 28 households of 125 persons, including 68 laborers. Reinforced by five waves of migrants, it has now grown into the new En Hu village with 531 households of 2,618 persons, including 1,406 laborers.

Fourth, the district and basic installations have worked together. Creating favorable conditions for migrants, Huong Dien has set in motion the motto of "both district and basic installations caring for NEZ migrants," in addition to properly implementing state policies and procedures. Even before a transfer took place, everything was in working order--NEZ site, party apparatus, NEZ administration and cooperatives. The district has also supplied migrants with grain, preventive and curative drugs (for 1 month's use), blankets, anti-mosquito nets, and mats.

Cooperatives have written off debts, paid for unfinished production orders, and purchased tools and equipment for resettlers. They have also stimulated people to donate money, grain, small plants and seeds. In 1985, the entire district donated 25 tons of grain (an average 10 kg for each person), 5 tons of meat, small plants, seeds, and tens of thousands of dong. Except for 5 mountain villages, all the remaining 28 in the district have made plans for sending people to NEZ's. In Huong Dien, there has been a steady increase in the number of party, women's and youth union members, key village and cooperative cadres, teachers, physicians, nurses and well-to-do families volunteering for NEZ's.

To help the campaign to transfer laborers and populations move forward, Huong Dien has submitted the following suggestions to the provincial and central governments:

--The state should promptly adjust and upgrade its policies and procedures toward resettlers, clearly spelling out what places of origin should do and what places receiving settlers should prepare. The latter should perhaps take care of the sites, complete with housing facilities and a grain supply lasting from 9 to 11 months. Places of origin should receive some money to buy a 1-month supply of grain, a 1-month supply of preventive and curative drugs, and equipment for departees, including at least blankets, antimosquito nets, mats, and production tools. Meal expenses during trips to NEZ's should be raised to meet current conditions. Supplies, seeds, breeds, and personal property which families are allowed to bring along should be raised to 500, or 600 kg, from the previous ceiling of 300 kg. The state should provide transportation for trips within the district, authorizing families to send all their belongings to the new land.

--The Department of Laborer and Population Transfer (Ministry of Labor) should speed up the effort to repair and reequip receiving stations, especially the Binh Dinh (Nghia Binh) and Hoa Quynh (Phu Khanh) centers.

--The state should promptly issue regulations on obligatory labor and should devise appropriate policies aimed at encouraging teachers, and public health, scientific and technical cadres to depart for NEZ's.

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